中闽百汇

百汇购物 温馨倍至

ZHONGMIN BAIHUI RETAIL GROUP LTD.

Annual Report 2014

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Corporate Profile
公司简介

Zhongmin Baihui Retail Group Ltd. (the "Group") is principally engaged in the ownership, operation and management of department stores in the People's Republic of China (the "PRC") under the name "中闽百汇". From its first store in Anxi County, Quanzhou City, Fujian province in 1997, the Group has expanded its footprint in Fujian province and Jiangsu province to operate eight self-owned stores and four managed stores spanning an aggregate gross floor area of 2,055,000 sq ft (190,900 sq m) as at 31 December 2014. The Group's revenue is mainly derived from four sources, namely, direct sales, commission from concessionaire sales, rental income and income from managed rental.

Zhongmin Baihui Retail Group Ltd. was incorporated in Singapore on 17 September 2004. It was listed on the Catalist Board of the Singapore Exchange ("SGX") on 20 January 2011, and was subsequently transferred to the Mainboard on 3 September 2013.

The Group has two self-owned stores in Xiamen City, Fujian province, namely, Xiamen Wucun Store (309,000 sq ft, or 28,700 sq m) and Xiamen Jiahe Store (251,000 sq ft, or 23,300 sq m). Its flagship Xiamen Wucun Store occupies three floors of a building and boasts a large underground shopping area. It began partial operations in December 2009 and became fully operational in April 2010. Strategically located in the heart of a major transportation hub and beneath a major bustling street, the underground shopping area is linked by a network of walking paths and underground pedestrian crossings to bus terminals, a bus rapid transit station and the Xiamen Railway Station. The Xiamen Jiahe Store, which started operations in October 2011, is situated in the heart of a residential area with high traffic flow.

The Group also has three self-owned stores in Quanzhou City, two of which were previously managed stores but were transferred to the Group in May 2013 – namely, the Quanzhou Tumen Store and Quanzhou Quanxiu Store.

Beyond Fujian province, the Group also has a self-owned Nanjing Nanzhan Store in Nanjing, Jiangsu province, which opened in September 2012.The store is located within the 361,000 sq ft. (33,600 sq m) Nanjing Mingfa Commercial Centre, which is situated right next to the world's second largest railway station.

In addition to the eight self-owned stores, the Group also manages four department stores under the "中闽百汇" brand in Quanzhou and Zhangzhou cities in Fujian province.

With over 17 years of strong retail reputation under the "中闽百汇" brand, the Group offers a colourful shopping experience with a wide variety of quality merchandise, lifestyle products and customer-oriented services catering to the middle to high income bracket consumers. Its stores also have sizeable supermarkets which provide an extensive range of groceries. By developing strong relationships with well-known international and domestic brands, the Group constantly optimizes its product mix to bring more retail value to consumers.

The Group's philosophy is to be people-oriented, have a positive worth ethic, provide service with a smile, and to contribute to society. This brings all employees together and fosters the values of Unity, Dedication, Faithfulness, and Service (团结、敬业、忠诚、服务) within the entire team. The Group adheres strongly to the importance of quality, understanding the consumer, having commitment and integrity, and not prioritising short-term gain at the expense of long-term goals. With all its actions grounded in integrity, Zhongmin Baihui aims to provide quality goods and services to its customers with a spirit of innovation. In line with rising consumption levels and increased tourist arrivals to Fujian province, the Group will continue with its expansion through the opening of new stores, acquisitions, joint ventures, and strategic alliances. The Group will continue to seek out suitable sites both within and beyond Fujian province to set up new department stores and supermarkets, and build up the network and brand equity of Zhongmin Baihui, with the goal of establishing itself as the leading department store chain in Fujian province and beyond.

Corporate Profile
公司简介

中闽百汇零售集团主要于中国以“中闽百汇”品牌经营及管理 连锁购物中心。从1997年福建省泉州市安溪县开设第一家“中闽百汇”，本集团扩大在中国的业务，目前经营七家购物中心和管理四家购物中心，总店面积截至2014年12月31日为2,055,000平方尺（190,900平方米）。本集团的收入主要来自“自营”，“联营”，“出租”和“承包”。

中闽百汇零售集团于2004年9月17日在新加坡注册成立，并于2011年1月 20日在新加坡挂牌上市。本集团随后于2013年9月3日从凯利板块升级至主板。

本集团在福建省厦门市拥有2家购物中心。厦门梧村旗舰店于2009年12月开始部分营业，于2010年4月全面营业。厦门梧村店楼高三层，并附设大型地下购物区，面积达309,000平方尺（28,700平方米）。该购物中心位于厦门市交通枢纽的中心地带，设有行人隧道连接公交车站、长途汽车站和厦门火车站。另一家购物中心为厦门嘉禾店于2011年10月开始营业，面积为 251,000平方尺（23,300平方米）。

集团还在泉州市拥有3家购物中心，其中泉州涂门店和泉州泉秀店之前由本集团管理，但于2013年5月转让给集团。

在福建省以外，集团现拥有江苏省的南京南站店，该店于2012年9月开业。这家购物中心位于南京明发广场，面积达316,000平方尺（33,600平方米）。南站店位置优越，毗邻南京南站。南京南站被中央电视台视为世界上第二大的火车站。

除此之外，本集团也同时负责管理位于福建省泉州市与漳州市的4家“中闽百汇”购物中心。

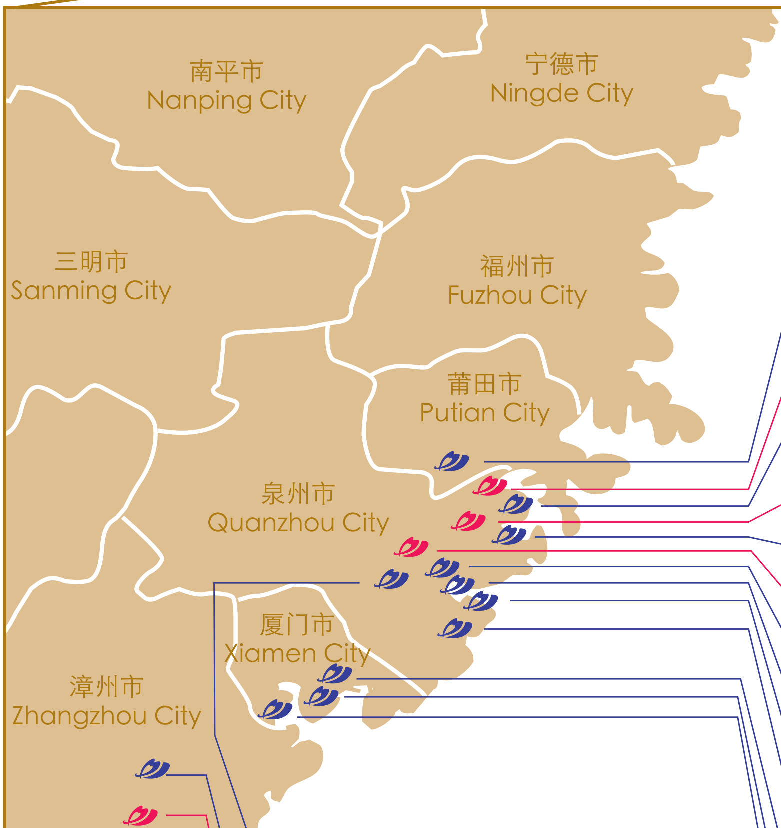
集团经营“中闽百汇”超过十七年，为中高收入阶层消费者提供各种各样的优质商品，让客户享受多元化的购物体验。

本集团的核心价值观就是“以人为本，快乐工作；乐于助人，奉献社会”，给员工主人翁的认同感，从而打造团结、敬业、忠诚、服务的团队。集团倡导的质量第一，明白消费；信守承诺，今天不赚明天的钱的经营理念，并以诚信经营、开拓创新的质量方针为消费者提供优质的商品和服务。随着消费水平的不断提高，以及到访福建省内的国内外游客日益的增加，中闽百汇计划通过开设新商场、收购、合资及策略联盟的方式，继续在省内外寻找合适的场所开设购物中心及中小型民生超市，并致力与品牌的拓建，打造了“中闽百汇”知名品牌，努力实现成为在福建省内领先的购物中心的愿景。

Location of Department Stores
商场位置分布图

江苏省
Jiangsu Province

南京南站店
Nanjing Nanzhan Store



福建省　Fujian Province

莆田市仙游店（预期2015年开业）
Putian Xianyou Store
(Expected opening in 2015)

泉州泉港店
Quanzhou Quangang Store

泉州泉港中兴店（预期2015年开业）
Quanzhou Quangang Zhongxing Store
(Expected opening in 2015)

泉州惠安惠兴店
Quanzhou Hui'an Huixing Store

泉州惠安城南店
Quanzhou Hui'an Chengnan Store

泉州安溪店
Quanzhou Anxi Store

泉州新华店
Quanzhou Xinhua Store

泉州涂门店
Quanzhou Tumen Store

泉州泉秀店
Quanzhou Quanxiu Store

泉州桥南店
Quanzhou Qiaonan Store

厦门嘉禾店
Xiamen Jiahe Store

厦门梧村店
Xiamen Wucun Store

厦门海沧店（预期2015年开业）
Xiamen Haicang Store
(Expected opening in 2015)

泉州安溪新城店（预期2016年开业）
Quanzhou Anxi Xincheng Store
(Expected opening in 2016)

漳州龙文店（延后决定）
Zhangzhou Longwen Store
(Scheduled opening under review)

漳州中山店
Zhangzhou Zhongshan Store

Managed　　Self-owned

福建省厦门市嘉禾店

Xiamen Jiahe Store

面积:　251,000平方尺（23,300平方米）
开业年份:　2011年
地理环境:　厦门嘉禾店位于厦门市人口密集的住宅区中心，正在施工的地铁1号线及2号线可达。

Gross floor area: 251,000 sq ft (23,300 sq m)
Year of commencement: 2011
Location: Xiamen Jiahe Store is strategically located in the heart of a residential area in Xiamen City with heavy human traffic and will be served by lines 1 and 2 of the new subway network which is currently under construction.

福建省厦门市梧村店

Xiamen Wucun Store

面积:　309,000平方尺（28,700平方米）
开业年份:　2009年
地理环境:　厦门梧村店位于厦门市最繁华的梧村商圈中心，为福建省最大的地下购物中心之一，设有行人隧道连接厦门火车站，长途汽车站，公车站和BRT站点，为厦门市交通枢纽的中心地带。

Gross floor area: 309,000 sq ft (28,700 sq m)
Year of commencement: 2009
Location: Xiamen Wucun Store is one of the largest underground retail malls in Fujian province. It is located in the commercial centre of Xiamen City, in the heart of a transportation hub that is a nexus linked by walkways and underground pedestrian crossings to bus terminals, a Bus Rapid Transit (BRT) station and Xiamen Railway Station.

福建省厦门市海沧店（预期2015年开业）

Xiamen Haicang Store

(Expected opening in 2015)

面积: 86,000平方尺 (8,000 平方米)
地理环境:　厦门海沧店位于一个成熟社区，紧邻自贸区主要道路直达厦门岛内及其他邻区如杏林和集美，交通便捷。

Gross floor area: 86,000 sq ft (8,000 sq m)
Location: Xiamen Haicang Store is strategically located in a mature area of Haicang District and is in close proximity to the main road of free trade zone with a extensive public transport network directly to Xiamen Island and other nearby districts such as Xinglin and Jimei.

江苏省南京市南站店

Nanjing Nanzhan Store

面积:　361,000平方尺（33,600平方米）
开业年份:　2012年
地理环境:　南京南站店与南京南站紧邻。目前南京南站为亚洲最大火车站。

Gross floor area: 361,000 sq ft (33,600 sq m)
Year of commencement: 2012
Location: Nanjing Nanzhan Store is next to the Nanjing Railway Station which is the biggest train station in Asia.

福建省漳州市中山店

Zhangzhou Zhongshan Store

面积: 120,000 平方尺（11,100平方米）
开业年份:　2003年
地理环境:　漳洲中山店位于漳洲市市中心，人流频密。

Gross floor area: 120,000 sq ft (11,100 sq m)
Year of commencement: 2003
Location: Zhangzhou Zhongshan Store is located in the city centre of Zhangzhou City with high and constant pedestrian flow and high visibility.

福建省漳州市龙文店（延后决定）

Zhangzhou Longwen Store

(Scheduled opening under review)

面积:　471,000平方尺（43,700平方米）
地理环境:　漳州龙文店紧邻漳州中央商业区地块和漳州市新的市政府，周边有众多住宅大厦和学校，是新区的商业中心。

Gross floor area: 471,000 sq ft (43,700 sq m)
Location: Zhangzhou Longwen Store is next to the Central Business District and the municipal government of Zhangzhou City, surrounded by residential buildings and schools.

福建省泉州市惠安城南店
Quanzhou Hui'an Chengnan Store

面积: 274,000平方尺（25,400 平方米）
地理环境:　泉州惠安城南店位于惠安县城南部，一座综合Mall的宏毅百汇广场内，紧邻惠安县螺阳镇城区。

Gross floor area: 274,000 sq ft (25,400 sq m)
Year of commencement: 2014
Location: Quanzhou Hui'an Chengnan Store is strategically located within Hongyi Baihui Centre, an integrated shopping mall at the southern area of Hui'an County which is adjacent to Luoyang town area in Hui'an County.

福建省泉州市桥南店
Quanzhou Qiaonan Store

面积:　68,000平方尺（6,300平方米）
地理环境:　泉州桥南店位于连接中心市区、晋江、泉州开发区和江南片区的中间地带。

Gross floor area: 68,000 sq ft (6,300 sq m)
Year of commencement: 2014
Location: Quanzhou Qiaonan Store is located at intersection to several city areas such as Jinjiang District, Quanzhou Development District, and South District of Quanzhou Bridge.

福建省泉州市新华店
Quanzhou Xinhua Store

面积:　155,000 平方尺（14,400平方米）
开业年份:　2013年
地理环境: 泉州新华店位于泉州市的一个老城区里，紧邻几个旅游景点。

Gross floor area: 155,000 sq ft (14,400 sq m)
Year of commencement: 2013
Location: Quanzhou Xinhua Store is located in a historic district of Quanzhou City with several attractions for domestic and foreign travellers in close proximity.

福建省泉州市涂门店
Quanzhou Tumen Store

面积: 176,000 平方尺（16,400平方米）
开业年份: 1999年
地理环境: 泉州涂门店位于人流旺盛的泉州市市中心。

Gross floor area: 176,000 sq ft (16,400 sq m)
Year of commencement: 1999
Location: Quanzhou Tumen Store is located in one of the busy shopping belts in the city centre of Quanzhou City with constant pedestrian flow and high visibility.

福建省泉州市泉秀店
Quanzhou Quanxiu Store

面积: 112,000 平方尺（10,400平方米）
开业年份: 2006年
地理环境: 泉州泉秀店位于人口密集的泉州市市中心，连接公交网络，邻近住宅中心。

Gross floor area: 112,000 sq ft (10,400 sq m)
Year of commencement: 2006
Location: Quanzhou Quanxiu Store is situated at the city centre of Quanzhou City with high pedestrian flow and high visibility, next to the public transportation systems and within close proximity to the residential areas.

福建省泉州市惠安惠兴店
Quanzhou Hui'an Huixing Store

面积: 117,000 平方尺（10,900平方米）
开业年份: 2009年
地理环境:泉州惠安惠兴店位于人口密集的惠安县中心处，邻近住宅中心。

Gross floor area: 117,000 sq ft (10,900 sq m)
Year of commencement: 2009
Location: Quanzhou Hui'an Huixing Store is located in the heart of Hui'an County with high and constant pedestrian flow and high visibility, and within the residential areas.

福建省泉州市安溪店
Quanzhou Anxi Store

面积: 69,000 平方尺（6,400平方米）
开业年份: 1997年
地理环境: 泉州安溪店位于安溪县商业中心，人流频密，邻近住宅中心。

Gross floor area: 69,000 sq ft (6,400 sq m)
Year of commencement: 1997
Location: Quanzhou Anxi Store is strategically located in the commercial centre of Anxi County with high and constant pedestrian flow and high visibility, and within close proximity to the residential areas.

福建省泉州市泉港店
Quanzhou Quangang Store

面积: 43,000 平方尺（4,000平方米）
开业年份:　2003年
地理环境: 泉州泉港店位于泉港区中心处的石油化工工业区，也是人流频密的住宅中心。

Gross floor area: 43,000 sq ft (4,000 sq m)
Year of commencement: 2003
Location: Quanzhou Quangang Store is located in the centre of Quangang District, an industrial area for petrochemicals with high and constant pedestrian flow and high visibility, and centre of the residential areas.

福建省泉州市泉港中兴店（预期2015年开业）
Quanzhou Quangang Zhongxing Store
(Expected opening in 2015)

面积: 219,000平方尺（20,400 平方米）
地理环境: 泉州泉港中兴店位于中兴街与学府路交界，该道路均为泉港城区的主干道，在泉港中心城区，邻近泉港区政府所在地。

Gross floor area: 219,000 sq ft (20,400 sq m)
Location: Quanzhou Quangang Zhongxing Store is strategically located at the intersection of Zhongxing Street and Xuefu Road which are the main roads in Quangang District's central area and is close to the offices of the Quangang District Government.

福建省泉州市安溪新城店（预期2016年开业）

Quanzhou Anxi Xincheng Store

(Expected opening in 2016)

面积: 86,000平方尺（8,000 平方米）
地理环境：泉州安溪南翼新城店位于官桥、龙门两镇中心。

Gross floor area: 86,000 sq ft (8,000 sq m)
Location: Quanzhou Anxi Xincheng Store is strategically located between Guanqiao Town and Longmen Town.

福建省莆田市仙游店（预期2015年开业）

Putian Xianyou Store

(Expected opening in 2015)

面积: 73,000平方尺（6,700 平方米）
地理环境：莆田仙游店位于仙游鲤中文体绿化广场，在仙游县中心公园广场范围内，人流频密，集购物、休闲、娱乐一站式消费地点。

Gross floor area: 73,000 sq ft (6,700 sq m)
Location: Putian Xianyou Store is strategically located in Xianyou Lizhong Wenti Lvhua Square which is within the area of Central Park of Xianyou County, a densely populated one-stop hub for shopping, leisure and entertainment.

Chairman's Statement
主席致词

Dear Shareholders,

On behalf of the Board of Directors of Zhongmin Baihui Retail Group Ltd., I am pleased to present our annual report for FY2014.

We achieved a major milestone over the course of FY2014; we opened the Quanzhou Qiaonan Store in September, followed by the Hui'an Chengnan Store in November, and with that we crossed the threshold of having 2 million square feet of gross floor area ("GFA") under management. This is a testament to how far we have come since the early days of Zhongmin Baihui, and we aim to build further on our established presence in Fujian province, as well as beyond.

The future looks very promising as developments are in the pipeline for both our current and future stores. Our stores in Xiamen City occupy excellent locations which are set to become even more vibrant with the upgrading of transportation networks in the city. The train station adjacent to the Xiamen Wucun Store has been undergoing work to increase its passenger-handling capacity. The station was re-opened to commuter traffic on 4 February 2015, and the work is expected to be fully completed by the end of 2015. There is also a subway network being constructed in Xiamen City, and a station which serves as the interchange between two of the lines is being built right next to the Xiamen Jiahe Store. We expect some growth in human traffic to this store following the completion of the first line in 2016.

Over 2015-2016, we have plans to open an additional five stores, which would bring out total store network to 17. One of the stores we plan to open during this period will be our first store in Putian City, thus expanding our footprint within Fujian province.

Despite the good performance of most of our stores and the Group as a whole, it has not been without some minor speed bumps, and at the end of 2014 we made the difficult decision to terminate the lease for the Xiamen Zhongshan Store. This store had been underperforming since its opening in November 2013, despite our best efforts to calibrate the store's product offering and implement cost-saving initiatives. Hence, we decided to cut our losses, and focus on moving forward with our other stores and upcoming store locations which show greater promise.

Back in FY2013, we declared our first ever dividend of S$0.01 per share. In view of our improved financial results in FY2014, we declared an interim dividend of $0.01 per share in 2Q 2014, and are proposing a further final dividend of $0.015 Singapore cents per share. We recognise the importance of distributing cash to our loyal shareholders, and will continue to do so insofar as our cash flow remains robust and surplus to the needs of our store expansion plans.

We look forward to many more years of success, and are honoured to share the journey with you, our esteemed shareholders, as well as our business partners and advisors, suppliers, and customers. My thanks also go out to the management and staff for their commitment and dedication to our business, and my fellow Directors for their counsel and guidance.

Lee Swee Keng
Executive Chairman

尊敬的各位股东:

我谨代表中闽百汇零售集团董事会向各位呈示2014财年的年报。

在2014财年，我们迈进另一重要里程碑；我们于9月新开了泉州桥南店，11月新开了惠安城南店，因此在我们的带领下，本集团的总店面积（“GFA”）达到了200万平方英尺。这说明了我们从中闽百汇创始至今所取得的成就。我们计划以福建省的成熟业务为基础，谋求更大发展。

我们目前和未来的门店发展正在进行之中，前景一片光明。我们在厦门市的门店地段优越，随着该市的运输网络升级，这些店面必将呈现更大活力。邻近厦门梧村店的火车站正在提高客运能力。该站于2015年2月4日重新开放，整项工程预计将于2015年年底前全部完工。厦门市还有一个地铁网络在建，而两条线路的交汇站就在厦门嘉禾店侧。我们预计，在第一条线路于2016年完工后，该店人流量也将增加。

在2015至2016年间，我们计划增开五家门店，将整个门店网络扩张到17家。我们计划在此阶段新开的门店中，其中一家将是我们在莆田市的第一家门店，在福建省继续扩展我们的业务。

尽管我们大多数门店和集团整体都表现良好，但我们还是遇到了一些小挫折；2014年年底，我们做出了一个不容易的决定，终止厦门中山店的租约。从2013年11月开业以来，该店就一直业绩不佳，虽然我们尽一切努力调整该店的产品系列并实施费用节省倡议，但仍未奏效。因此，我们决定及时止损，专注于发展其他门店和有更大潜力的新门店。

2013财年，我们宣布了每股1新加坡分的首次分红。考虑到我们2014财年的财务业绩有所改善，我们在2014年第二季度宣布了每股1新加坡分的中期股息，并提议额外每股1.5新加坡分的期末股息。我们认可向忠诚股东发放现金的重要性，我们仍将继续发放分红，只要我们的现金流保持强劲盈余，可满足我们的门店扩张计划。

我们期望长久保持成功，我们非常荣幸能与您——尊敬的股东，以及我们的商业伙伴、顾问、供应商和客户共享这段旅程。感谢我们的管理层和员工，感谢他们对业务的承诺和投入，感谢各位同僚董事的建议和指导。

李瑞庆
执行主席

CEO's Statement

总裁致词

Dear Shareholders,

The Group recorded healthy net profits in FY2014 due to service improvements and the efforts of our management team, and we were also able to lower our costs.

Throughout the year, we evaluated the performance of our stores, and we have been paying close attention in particular to the Nanjing Nanzhan Store and the Xiamen Zhongshan Store. I am pleased to report that the measures we implemented have had a significant impact for the Nanjing Nanzhan Store. By introducing cost saving and revenue-boosting measures, we were able to significantly reduce this store's losses in FY2014. We have since rolled out some of these cost-saving initiatives at our other stores, which should improve profitability. For the Xiamen Zhongshan Store, however, we have decided to terminate the lease rather than endure an indefinite period of struggling to turn around its poor performance. This will ultimately be positive for the Group as it mitigates the losses from this store, and frees up resources for more productive deployment.

Group revenue was marginally higher in FY2014 at RMB 882.3 million, with contributions from new stores offset by lower demand for gold compared to FY2013, and some impact on the Xiamen Wucun Store due to upgrading works at the adjacent train station. FY2014 gross profit was 17% higher than FY2013 at RMB 312.3 million, with gross profit margin on direct sales activities increasing from 8.9% in FY2013 to 11.7% in FY2014. This was mainly due to sales of gold making up a lower proportion of direct sales activities. Other income increased by 40% to RMB 70.2 million, mainly due to higher advertisement and promotion income. Selling and distribution expenses rose 13% to RMB 259.6 million in FY2014, although they were in fact 4% lower in 4Q2014 compared to 4Q2013, as we started to see the effects of cost control measures in reducing our operational costs in 4Q2014. Administrative expenses increased from RMB 61.3 million in FY2013 to RMB 73.1 million in FY2014 in line with the expansion of the store network, as well as impairment losses and related expenses in relation to the termination of the Xiamen Zhongshan Store lease.

With additional stores in Quanzhou City contributing for the full year FY2014, and due to the successful implementation of cost control measures, particularly for the Nanjing Nanzhan Store, net profit tripled from RMB 10.0 million in FY2013 to RMB 32.0 million in FY2014.

Our business continues to generate strong cash flow, with RMB 124.7 million net cash generated from operating activities in FY2014, compared to RMB 77.3 million in FY2013. Net cash used in financing activities was RMB 37.3 million, up from RMB 11.2 million in FY2013, which notably included the Group's maiden dividend payout of RMB 19.2 million during FY2014. RMB 23.3 million net cash was used in investing activities, a slight reduction from 27.5 million in FY2013. Cash and cash equivalents had a net increase of RMB 63.9 million during FY2014 and stood at RMB 214.2 million as at 31 December 2014.

In terms of the operating environment, although China has lowered its target for GDP growth in 2015, we are confident in the resilience of our retail business, given our multiple revenue streams and the fact that daily essentials make up a significant proportion of our sales. Consumer spending power in Fujian province is still at very healthy levels, and Zhongmin Baihui benefits from having a reputation for quality, built up over the last 17 years of operation. We are also debt-free and asset-light, which allows us greater financial flexibility. We aim to maximise these competitive strengths as we continue to grow our store network.

Chen Kaitong
CEO

尊敬的各位股东:

由于我们有优秀的团队和较好营运，而且我们降低了费用，所以本集团在2014财年的净利润非常稳健。

过往一年，我们评估了各家门店的业绩，其中，我们密切关注南京南站店和厦门中山店。很高兴地告诉各位，我们实施的措施对南京南站店起了明显的作用。通过引入费用节省和创收措施，我们得以大幅降低该店在2014财年的损失。之后，我们还在其他门店推行了部分费用节约倡议，这将提高收益性。然而，对于厦门中山店，我们决定停止租约，而不是继续试图通过无限期的艰难挣扎来扭转该店弱势的业绩。这将消除该店带来的损失，并腾出资源用于更多生产部署，所以这一举措将最终为本集团带来积极效果。

2014财年，本集团的营收略有提高，为8.82亿元，由于黄金需求较2013财年走低，所以新门店带来的贡献被抵销。而在厦门梧村店，由于邻近火车站的升级工作，也对营收带来了影响。2014财年的总利润为3.12亿元，比2013财年高17%，自营活动的毛利率从2013财年的8.9%上升至11.7%。这主要是因为黄金销售占自营活动的比例减少。其他收入增加40%，达到了7,020万元，主要来自于更高的广告和促销收入。2014财年的销售和分销支出同比上升13%，达到2.60亿元，但2014年第四季度相比2013年第四季度低4%，这是因为我们的运营成本控制措施在2014年第四季度开始见效。行政支出从2013财年的6,128万元增加至2014年的7,309万元，这是由于门店网络扩张，以及厦门中山店租约停止的减值损失和相关费用。

由于泉州市增开门店在2014财年带来全年的收益，同时，由于成功实施费用控制措施，特别是在南京南站店，2014财年的净利润达到3,198万元，相比2013年的998万元增加了两倍。

随着我们的业务持续产生强大的现金流，2014财年，我们的经营活动产生的净现金达到1.25亿元，而2013财年为7,731万元。用于融资活动中的净现金为3,726万元，2013财年为1,119万元，值得注意的是，其中包括集团在2014财年支付的1,925万元初次分红。2,334万元的净现金用于投资活动，相比2013财年的2,745万元略有下降。现金和现金等价物在2014财年出现6,389万元的净增长，2014年12月31日止为2.14亿元。

在经营环境方面，尽管中国政府降低了2015年GDP增长目标，我们仍对本集团零售业务的弹性怀有信心，因为我们有多重营收来源，而且日用必须品在本集团销售中占据重要比例。福建省的消费能力仍然保持在非常健康的水平，中闽百汇在过去17年中建立的优质商誉也为本集团带来益处。我们没有债务，采用轻资产战略，这给了我们更大的财务灵活性。我们会继续扩大门店网络，也将提高我们的综合竞争力。

陈开通
总裁

城南商场 2014年11月28日隆重开业

Grand Opening of Chengnan Store in Quanzhou City on 28 November 2014

OPENING

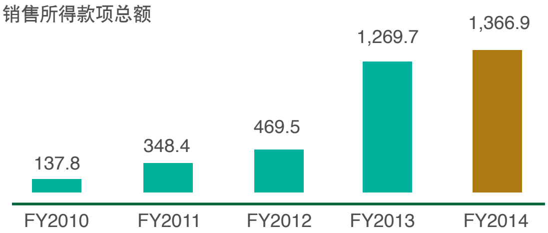
桥南商场 2014年9月5日隆重开业

Grand Opening of Qiaonan Store in Quanzhou City on 5 Septenber 2014

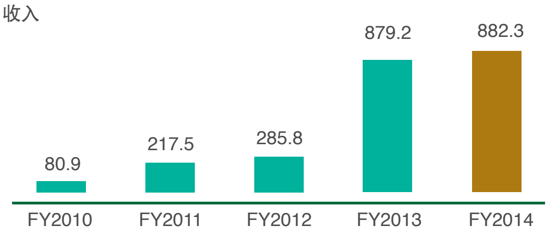
OPENING

Financial Highlights
财务摘要

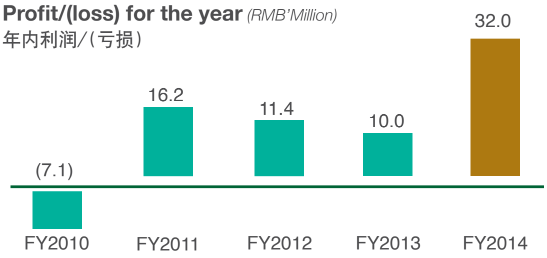
Gross sales proceeds *(RMB'Million)*
销售所得款项总额



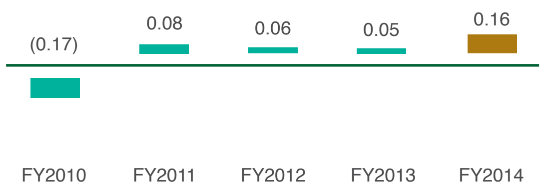
Revenue *(RMB'Million)*
收入



Profit/(loss) for the year *(RMB'Million)*
年内利润/(亏损)



Earnings/(loss) per share-Basic and diluted *(RMB)*
每股盈利/(亏损) – 基本和稀释



	FY2010	FY2011	FY2012	FY2013	FY2014
Financial Results (RMB'000) 财务业绩（人民币'000）					
Gross sales proceeds 销售所得款项总额 [1]	137,770	348,434	469,541	1,269,709	1,366,916
Revenue 收入	80,915	217,499	285,795	879,188	882,350
Profit/(loss) before taxation 税前利润/(亏损)	(8,858)	24,669	22,991	28,277	50,476
Profit/(loss) for the year 年内利润/(亏损)	(7,085)	16,218	11,406	9,982	31,983
Total comprehensive income for the year attributable to equity holders of the Company 公司权益所有者应占全面收入总额	(8,947)	16,255	10,803	10,775	31,803
Financial Position (RMB'000) 财务状况（人民币'000）					
Non-current assets 非流动资产	14,445	23,728	50,079	88,103	110,059
Current assets 流动资产	62,386	147,007	210,462	374,819	395,785
Current liabilities 流动负债	(32,595)	(68,070)	(119,835)	(295,597)	(322,646)
Net current assets 净流动资产	29,791	78,937	90,627	79,222	73,139
Non-current liabilities 非流动负债	(35,990)	(34,784)	(62,022)	(77,505)	(81,183)
Total equity/(deficit) 总权益/(亏损)	8,246	67,881	78,684	89,460	102,015
Financial Ratios (RMB) 财务比率（人民币）					
Earnings/(loss) per share					
- Basic and diluted 每股盈利/(亏损) – 基本和稀释	(0.17)[2]	0.08[2]	0.06	0.05	0.16
Net asset value per share 每股净资产值	0.05[3]	0.35[3]	0.40	0.46	0.52

(1) Gross sales proceeds represent the aggregate sum of net amount received and receivable for goods sold by direct sales, gross amount of concessionaire sales, rental income and income from managed rental.
销售所得款项总额指来自自营及联营的销售所得款项、出租及承包的租金收入。

(2) The basic and diluted earnings/(loss) per share is calculated based on the weighted average number of shares outstanding which has been adjusted for the effects of the sub-division of shares in December 2010.
每股基本和稀释盈利/(亏损)是根据经过于2010年12月股份拆分调整后的平均股数计算。

(3) Net asset value per share has been adjusted for the effects of the sub-division of shares in December 2010.
每股净资产值是根据于2010年12月股份拆分作调整。

Group Structure
集团结构

中闽百汇

100%
Zhongmin Baihui Development Pte. Ltd.
中闽百汇发展有限公司

100%
Xiamen Shi Zhongmin Baihui Commercial Co., Ltd.
厦门市中闽百汇商业有限公司

30%
Citi-Base Commerce Logistics (Xiamen) Co., Ltd.
港基百汇商业物流（厦门）有限公司

100%
Zhongmin Baihui (Quanzhou) Commercial Management Co., Ltd.
中闽百汇(泉州)商贸管理有限公司

100%
Zhongmin Baihui (Nanjing) Commercial Co., Ltd.
中闽百汇（南京）商贸有限公司

Board of Directors
董事会

Lee Swee Keng

Executive Chairman

Mr Lee was appointed to the Board in September 2004. He is responsible for charting and steering the Group's business direction, as well as the overall management, strategic planning and business development for the Group. He possesses over 30 years of experience as a business entrepreneur, establishing and managing businesses in industries ranging from food and beverage to construction machinery and equipment.

Together with Mr Chen Kaitong, Mr Lee was involved in the set up and operations of small-scale department stores in Fujian Province before they collaborated to establish Zhongmin Baihui and its group of stores.

Chen Kaitong

CEO and Executive Director

Mr Chen was appointed as Director of the Company in December 2008. He is responsible for strategic corporate planning and business development, as well as formulating the business workflow and organisational structure of the Group. He has been with the Group since its inception and was instrumental in the early stages of set up for the stores.

Mr Chen has been involved in China's retail industry for more than 30 years and has received numerous awards for his contribution to the sector. In 2010, he was elected as the chairman of the Quanzhou City Chain Store & Franchise Association. He has also been a member of the National People's Congress representing Quanzhou City since 2007.

Su Jianli

Deputy CEO (Marketing and Operations) and Executive Director

Mr Su was appointed to the Board in December 2008. His responsibilities include assisting the CEO in performing the daily running of the Group, with emphasis on strategic corporate planning and development of Group operations, implementation of quality management policies and marketing and sales.

Mr Su possesses more than 16 years of experience at the management level in the power and apparel industries. He is also active in the operations of our Managed stores.

Low Chui Heng

Executive Director

Mr Low was appointed as Director in September 2004, and has been with the Company since its inception.

He is currently the managing director of Hong Hock Hardware Pte. Ltd. Mr Low is an entrepreneur with over 30 years of experience and has established over 10 businesses during this period. These businesses include import and export of non-ferrous metals and building materials, hostel accommodation, retailing computer hardware, software and related accessories.

Su Caiye

Non-Executive Director

Mr Su was appointed as Director in December 2008, and is presently the General Manager and legal representative of Quanzhou Zhongmin Baihui, the parent company of our managed stores.

Mr Su has more than 19 years of experience in the retail industry, beginning with a sole-proprietorship retail shop selling mainly apparel in 1992. He was involved in the establishment of Xiamen Zhongmin Baihui.

Andrew Lim Kok-Kin

Non-Executive Director

Mr Lim was appointed as Director of the Company in January 2012. He is a Chartered Financial Analyst charterholder since 1993 and has over 15 years of working experience in the investment industry. He was Chief Investment Officer and Director of S.E.A. Asset Management Pte Ltd, an independent asset management company in Singapore, from February 2011 to October 2014.

Prior to joining S.E.A., Mr Lim was the Senior Fund Manager of a boutique fund management company, Pheim Asset Management (Asia) Pte Ltd from 2007 to 2010. He previously held asset management positions at the Abu Dhabi Investment Authority in Abu Dhabi and MMG Investments in Dubai. He also taught at the School of Business, Singapore Polytechnic.

Mr Lim graduated with a Bachelor of Science (Industrial Engineering) from the University of Texas (El Paso) and Master of Business Administration from the University of Texas (Austin).

Dr Ong Seh Hong

Independent Director

Dr Ong was appointed as Director in December 2010, and is currently a senior consultant psychiatrist at Alexandra Healthgroup.

Prior to this, Dr Ong was the Clinical Director and Chief Operating Officer of the Ren Ci Hospital & Medicare Centre, and Ren Ci Community Hospital. He held the position of vice president (corporate services) of GIC Special Investments Private Limited, a unit of the Government of Singapore Investment Corporation, where he was responsible for the human resources, administrative and finance (non-investment) functions of the unit. He was also a Member of Parliament from 2001 to 2011.

Dr Ong is currently serving as an Independent Director of Dyna-Mac Holdings Ltd, Hock Lian Seng Holdings Ltd and MoneyMax Financial Services Ltd, which are listed on the Singapore Exchange.

Dr Ong holds a Bachelor of Medicine and Bachelor of Surgery (MBBS) from the National University of Singapore in 1987. He received his post-nominal qualification from the Royal College of Psychiatrists in 1994. Dr Ong also holds a Master of Science in Applied Finance from the National University of Singapore.

Koh Lian Huat

Independent Director

Mr Koh was appointed to the Board on 20 December 2010. He is an accountant with experience in the building and real estate industries such as real estate development and investment, construction and project management.

Mr Koh was a sole-proprietor of Koh Lian Huat & Co, an accounting firm, for 17 years until 1999. He joined Ng, Lee & Associates – DFK as a partner from 2000 to 2003 and subsequently became its consultant in 2004. He established Huat Associates as a sole-proprietor in 2004, and was a partner from 2007 to 2010.

Mr Koh is a Justice of the Peace and an appointed mediator assisting the State and Family Courts, and was accorded the Pingat Bakti Masyarakat (PBM, Public Service Medal), the Bintang Bakti Masyaraka (BBM, Public Service Star), Bintang Bakti Masyaraka Lintang (BBM-L, Public Service Star-Bar) during Singapore's National Day Awards in 1985, 1993 and 2007 respectively. He was conferred the Nanyang Alumni Service Award in October 2008 by the Nanyang Technological University. Mr Koh is the vice-chairman of the Tampines East Citizens' Consultative Committee, and is presently an honorary auditor of the Chartered Management Institute, United Kingdom (Singapore Branch).

Mr Koh is currently serving as Independent Director of Hock Lian Seng Holdings Ltd which is listed on the Singapore Exchange.

Mr Koh holds a Bachelor of Commerce (Accountancy) from Nanyang University, Singapore. He is a fellow member of CPA Australia, the Institute of Singapore Chartered Accountants, and the Association of Chartered Certified Accountants.

Xu Ruyu

Independent Director

Ms Xu was appointed to the Board on 20 December 2010. Possessing more than ten years of experience in legal practice in China, she is presently a partner of Grandall Legal Group (Shanghai) since 2009.

Ms Xu's main areas of practice are (i) the PRC IPOs, mergers, acquisitions and restructuring; (ii) IPOs, reverse mergers or refinancing in overseas stock exchange such as the USA and Hong Kong; (iii) establishment of or investments by private equity fund; (iv) mergers and acquisitions; (v) foreign direct investments; and (vi) corporate practices.

Ms Xu holds a Bachelor of Law from Shanghai Jiao Tong University, the PRC, and a Master of Laws in International & Comparative Law (Honours) from Chicago- Kent College of Law, USA. She was admitted to the New York State Bar in February 2010.

Key Management
高级管理层

Wang Liyu
Deputy CEO (Administration and Human Resources)

Ms Wang joined the Group in 2010, and is responsible for managing our Group's administration matters as well as in overseeing the full spectrum of human resource related matters including employee recruitment, training, relations and welfare.

Prior to joining the Group, Ms Wang was an accountant at the Fujian Motor Industry Group Co., Ltd, and also worked as the financial controller of Quanzhou Zhongmin Baihui from 2000 to 2010.

Ms Wang holds a Diploma in Finance and Accounting from Fujian Commercial College.

Jeffrey Kan Kai Hi
Chief Financial Officer

Mr Kan joined the Group on 1 July 2010, and is responsible for assisting the Executive Directors in overseeing matters relating to accounting, financial administration and the compliance and reporting obligations of our Group.

Prior to joining the Group, Mr Kan has held key appointments, including financial controller of Asia Water Technology Ltd, chief financial officer of Econat Fiber Limited, regional financial controller of BreadTalk Group Limited, and financial controller and controlling accountant in the headquarters and subsidiaries of Ghim Li Group. Prior to these, he served several audit firms since 1998, and was last the audit senior with KPMG (Singapore).

Mr Kan holds a Bachelor of Commerce (Accounting) Degree from Curtin University of Technology, Australia. He has been a Certified Practising Accountant with the CPA Australia since November 2004.

Jian Aihong
Operations Manager

Ms Jian joined the Group in 2010 as Operations Manager and assists Mr Su Jianli in general operations and maintenance of our department stores, as well as in the coordination of the opening of new stores. She is also responsible for overseeing quality assurance, safety management and administrative functions of the Group.

Prior to joining the Group, Ms Jian held the position of manager of the general office for Unipay Management, and was more recently the personal assistant to the general manager of Quanzhou Chuangxian Computer Science Co., Ltd. She joined Quanzhou Zhongmin Baihui in 2001 as on-site manager and was subsequently promoted to office manager, store manager and operations manager.

Ms Jian holds a Diploma in Music Education from Xiamen Normal College, China.

Huang Pingping
Human Resource Manager

Ms Huang joined the Group in 2010 and assists Ms Wang Liyu in administrative and human resource, employee training and staff support matters. She joined Quanzhou Zhongmin Baihui as a sales person in 1999 and moved through the ranks, from head of children's wear department, on-site supervisor, on-site manager, assistant to operations manager, office manager, to store manager.

Ms Huang holds a Diploma in Business Administration and Management from The Open University of China.

Corporate Governance Report
企业治理

Zhongmin Baihui Retail Group Ltd. (the "**Company**") together with its subsidiaries (the "**Group**") recognises the importance, and is committed to maintaining a high standard of, corporate governance. Good corporate governance provides the framework for an ethical and accountable corporate environment, which will protect the interests of the Company's shareholders and promote investor confidence. This report outlines the Company's corporate governance practices and structures in the financial year ended 31 December 2014 ("**FY2014**"), with specific reference made to each of the principles of the Code of Corporate Governance 2012 (the "**Code**"). Deviations from the Code are explained. The Company has complied with the principles and guidelines of the Code where appropriate.

BOARD MATTERS

Principle 1: Every company should be headed by an effective board to lead and control the company. The board is collectively responsible for the long-term success of the company. The board works with the management to achieve this objective and the management remains accountable to the board.

The Board of Directors ("**Board**") is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group. The articles of association of the Company (the "**Articles**") also provide for telephonic meetings.

The Company was transferred from the Catalist Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") to the Main Board of the SGX-ST on 3 September 2013. The number of Board and Board committee meetings held and attended by each Board member of the Company during the financial year under review is as set forth:

	Board	Board Committees		
		Audit	Nominating	Remuneration
Number of meetings held	**4**	**4**	**1**	**1**
	Number of meetings attended			
Mr Lee Swee Keng	4	4*	1*	1*
Mr Chen Kaitong	4	4*	1*	1*
Mr Su Jianli	2	2*	1*	1*
Mr Su Caiye	2	2*	1*	1*
Mr Low Chui Heng	4	4*	1	1*
Mr Andrew Lim Kok-Kin	4	4	1*	1
Dr Ong Seh Hong	4	4	1	1
Mr Koh Lian Huat	4	4	1	1
Ms Xu Ruyu	3	3	1	1

**By Invitation*

Matters which specifically require the Board's decision or approval are those involving:

- corporate strategy and business plans;
- investment and divestment proposals;
- funding decisions of the Group;

Corporate Governance Report
企业治理

- nomination of Board and appointment of key personnel;
- quarterly and full-year results announcement, the annual report and accounts;
- interested person transactions;
- material acquisitions and disposal of assets;
- identification of the key stakeholder groups and recognition that their perceptions affect the Company's reputation;
- setting of the Company's value and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met;
- consideration of sustainability issues (eg. environmental and social factors) in the formulation of its strategies; and
- all matters of strategic importance.

All other matters are delegated to committees of the Board whose actions are monitored and endorsed by the Board. These committees include the Audit Committee, the Nominating Committee and the Remuneration Committee, all of which operate within clearly defined and written terms of reference and functional procedures, which are reviewed on a regular basis. Each of these committees reports its activities regularly to the Board, and their actions are reviewed by the Board.

The Board ensures that incoming newly-appointed Directors will be given an orientation on the Group's business strategies and operations and governance practices to facilitate the effective discharge of their duties. Newly-appointed Directors will also be provided with a formal letter setting out their duties and obligations.

The Company is responsible for arranging and funding the training of Directors. Board members have been and will be encouraged to attend seminars and receive trainings to improve themselves in the discharge of their duties as Directors. The Company will work closely with professionals to provide its Directors with updates on changes to relevant laws, regulations and accounting standards. The Directors have received trainings, which were arranged by the Company during the year mainly in several areas including risk management and internal control.

Directors are also provided with an insight into the Group's operational facilities and periodically meet with the management of the Company ("**Management**") to gain a better understanding of the Group's business operations. The Board as a whole is updated on risks management and the key changes in the relevant regulatory which have an important bearing on the Company and the Directors' obligations to the Company.

The Company recognises that an organisation's success is not based solely on its business achievements, but also by the positive role it plays in community engagement and towards environmental sustainability. The Company strongly encourages its staff to be aware of social issues, to participate in fundraising initiatives, community projects and activities.

Corporate Governance Report
企业治理

Principle 2: There should be a strong and independent element on the board, which is able to exercise objective judgment on corporate affairs independently, in particular, from management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the board's decision making.

The Board currently comprises nine members, four of whom hold executive position, two Non-executive non-independent Directors and three Independent Directors:

Mr Lee Swee keng	Executive Chairman
Mr Chen Kaitong	Executive Director and Chief Executive Officer
Mr Su Jianli	Executive Director
Mr Low Chui Heng	Executive Director
Mr Su Caiye	Non-executive non-independent Director
Mr Andrew Lim Kok-Kin	Non-executive non-independent Director
Dr Ong Seh Hong	Independent Director
Mr Koh Lian Huat	Independent Director
Ms Xu Ruyu	Independent Director

The Company endeavours to maintain a strong and independent element on the Board. As there are three Independent Directors on the Board, the prevailing applicable requirement of the Code that at least one-third of the Board be comprised of Independent Directors is satisfied. The Board considers an Independent Director as one who has no relationship with the Company, its related corporations, its officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company. All the board committee meetings are chaired by the Independent Directors.

Each of the Independent Directors has confirmed that he/she does not have any relationship with the Company or its related corporations, its officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment. The Nominating Committee has reviewed and determined that the said Directors are independent. The independence of each Director has been and will be reviewed annually by the Nominating Committee based on the guidelines set forth in the Code.

There are no Independent Directors who have served on the Board beyond nine (9) years from the date of his or her first appointment.

The Board has examined its size and is satisfied that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company. The Nominating Committee is of the view that no individual or small group of individuals dominates the Board's decision-making process.

The Nominating Committee is of the view that the current Board comprises persons who as a group provide capabilities required for the Board to be effective. Details of the Board members' qualifications and experience are presented in this Annual Report under the heading "Board of Directors".

The Independent Directors will constructively challenge and assist in the development of proposals on strategy, and assist the Board in reviewing the performance of the Management in meeting agreed goals and objectives, and monitor the reporting of performance. When necessary, the Independent Directors will have discussions amongst themselves without the presence of the Management.

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Principle 3: There should be a clear division of responsibilities between the leadership of the board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Executive Chairman of the Company is Mr Lee Swee Keng. The Chief Executive Officer of the Company is Mr Chen Kaitong. There is a clear division of responsibilities between the Executive Chairman and the Chief Executive Officer to ensure that there is an appropriate balance of power, increased accountability and sufficient capacity of the Board for independent decision-making. The requirement of the Code that the roles of Chairman and Chief Executive Officer be separate is therefore met in the case of the Company.

The Executive Chairman, Mr Lee Swee Keng, plays a vital role in charting and steering the corporate direction of our Group and is responsible for the overall management, strategic planning, business development and promoting high standards of corporate governance of the Group.

As the Chief Executive Officer of the Company, Mr Chen Kaitong is responsible for developing the overall strategic corporate planning and business development of our Group as well as the overall aspects of our Group. He plays an important role in determining the opening and location of our new store and formulating our business workflow and organisational structure.

The Chief Executive Officer, Mr Chen Kaitong, is a distant relative of the Executive Chairman, Mr Lee Swee Keng. The brother of Mr Lee Swee Keng's grandmother is the father of Mr Chen Kaitong, the Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence. In view that all major decisions are made in consultation with the Board, the Board is of the view that the Company does not need to appoint a lead independent director. The Independent Directors will be available to the shareholders where they have concerns and for which contact through the normal channels of the Executive Chairman, the Chief Executive Officer or the Chief Financial Officer has failed to resolve or is inappropriate.

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the board.

The members of the Company's Nominating Committee during the financial period under review are Ms Xu Ruyu, Dr Ong Seh Hong, Mr Koh Lian Huat and Mr Low Chui Heng. The Chairman of the Nominating Committee is Ms Xu Ruyu, an Independent Director. The Nominating Committee meets at least once a year.

The Nominating Committee is responsible for the following:

(a) to make recommendations to the Board on all board appointments, including re-nominations, having regard to the Director's contribution and performance (for example, attendance, preparedness, participation and candour);

(b) to determine annually whether or not a Director is independent;

(c) in respect of a Director who has multiple board representations on various companies, to decide whether or not such Director is able to and has been adequately carrying out his/her duties as Director, having regard to the competing time commitments that are faced when serving on multiple boards;

(d) to decide how the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board that allows comparison with its industry peers, and address how the Board has enhanced long term shareholders' value;

(e) the review of board succession plans for Directors;

(f) the review of training and professional development programmes for the Board; and

(g) to assess the performance of the Board and contribution of each Director to the effectiveness of the Board.

Each member of the Nominating Committee shall abstain from voting on any resolution relating to the assessment of his performance or his re-nomination as Director.

The Nominating Committee will ensure that there is a formal and transparent process for all appointments to the Board. It has adopted a written terms of reference defining its membership, administration and duties. The Nominating Committee determines on an annual basis, and as and when circumstance require, whether or not a Director is independent, for the purposes of the Code. The Nominating Committee is of the view that the Independent Directors are independent.

In assessing the performance of each individual Director, the Nominating Committee considers whether he has multiple board representations and other principal commitments, and is able to and adequately carried out his duties as a Director notwithstanding such commitments. The Nominating Committee is satisfied that sufficient time and attention to the affairs of the Company has been given by those Directors who have multiple board representations.

To address the competing time commitments that are faced when Directors serve on multiple boards, the Nominating Committee has reviewed and the Board has determined and set that as a general rule, the maximum number of listed company board appointments be not more than five (5) companies. However, any Directors may hold more than five (5) listed company board representations should the Nominating Committee be satisfied and is of the view that such Directors are able to devote sufficient time and attention to the affairs of the Company after taking into account of their individual circumstances, contributions, responsibilities and other principal commitments. Non-Executive Directors may consult the Chairman of the Nominating Committee before accepting any appointments as Directors. Currently, none of the Directors holds more than five (5) directorships in listed companies.

Directors are encouraged to attend relevant training programmes conducted by the relevant institutions and organisations. The cost of such training will be borne by the Company.

Article 104 of the articles of association of the Company ("**Articles**") requires one-third of the Directors to retire from office at least once every three (3) years at an Annual General Meeting (the "**AGM**"). Article 106 of the Articles provides that the retiring Directors are eligible to offer themselves for re-election.

Article 114 of the Articles provides that the Directors shall have power at any time and from time to time to appoint any other qualified person as a Director either to fill a casual vacancy or as an addition to the Board. However any Director so appointed shall hold office only until the next AGM of the Company, and shall be eligible for re-election.

The Nominating Committee recommended to the Board that Mr Lee Swee Keng, Mr Su Jianli and Mr Su Caiye be nominated for re-election at the forthcoming AGM. In making the recommendation, the Nominating Committee has considered the Directors' overall contributions and performance.

Mr Lee Swee Keng will, upon re-election as a Director, remain as the Executive Chairman of the Company. Mr Su Jianli will, upon re-election as a Director, remain as the Executive Director. Mr Su Caiye will, upon re-election as a Director, remain as a non-executive non-independent Director of the Company.

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Section 153 of the Companies Act (Chapter 50 of Singapore) ("**Companies Act**") provides that the office of a director of a public company or of a subsidiary of a public company shall become vacant at the conclusion of the annual general meeting commencing next after he attains the age of 70 years. However a person of or over the age of 70 years may, by an ordinary resolution passed at an annual general meeting of a company be appointed or re-appointed as a director of the company to hold office until the next annual general meeting of the company. The Nominating Committee has recommended to the Board that Mr Koh Lian Huat who is over the age of 70 years be nominated for re-election at the forthcoming AGM.

Mr Koh Lian Huat will, upon re-election as a Director, remain as a Chairman of the Audit Committee and the member of the Remuneration Committee and Nominating Committee.

The date of initial appointment and last re-election of each Director, together with their directorships in other listed companies are set out below:

Name	Age	Appointment	Date of initial appointment	Date of last re-election	Directorship in other listed companies
LEE SWEE KENG	55	Executive Chairman	17 September 2004	18 April 2013	NIL
CHEN KAITONG	48	Chief Executive Officer and Executive Director	9 December 2008	25 April 2014	NIL
SU JIANLI	41	Deputy Chief Executive Officer and Executive Director	9 December 2008	26 April 2012	NIL
LOW CHUI HENG	54	Executive Director	17 September 2004	18 April 2013	NIL
SU CAIYE	43	Non-executive non-independent Director	9 December 2008	26 April 2012	NIL
ANDREW LIM KOK-KIN	51	Non-executive non-independent Director	1 January 2012	25 April 2014	NIL
DR ONG SEH HONG	52	Independent Director	23 December 2010	25 April 2014	Dyna-Mac Holdings Ltd Hock Lian Seng Holdings Limited MoneyMax Financial Services Ltd.
KOH LIAN HUAT	74	Independent Director	20 December 2010	25 April 2014	Hock Lian Seng Holdings Limited
XU RUYU	37	Independent Director	20 December 2010	18 April 2013	NIL

Principle 5: There should be a formal assessment of the effectiveness of the board as a whole and its board committees and the contribution of each director to the effectiveness of the board.

The Nominating Committee had adopted processes for the evaluation of the Board's performance and effectiveness as a whole and the performance of individual Directors, based on performance criteria which were recommended by the Nominating Committee and approved by the Board. For the evaluation of the Board performance, the criteria include return on assets, return on equity and the Company's share price performance which allow the Company to make comparisons with its industry peers and are linked to long-term shareholders' value. The Nominating Committee also takes into consideration the feedback from individual Directors on areas relating to the Board's competencies and effectiveness. The results of the overall evaluation of the Board by the Nominating Committee including its recommendation, if any, for improvements are presented to the Board.

The assessment process involves and includes inputs from Board members, applying the performance criteria of the Nominating Committee and approved by the Board. These inputs are collated and reviewed by the Chairman of the Nominating Committee, who presents a summary of the overall assessment to the Nominating Committee for review. Areas where the Board's performance and effectiveness could be enhanced and recommendations for improvements are then submitted to the Board for discussions and, where appropriate, approval for implementation.

The individual performance criteria include qualitative and quantitative factors such as performance of principal functions and fiduciary duties, level of participation at meetings and attendance record.

The annual evaluation process for each individual Director's performance comprises three (3) parts: (a) background information concerning the Directors including their attendance records at Board and Board Committee meetings; (b) questionnaires for completion by each individual Board member; and (c) Nominating Committee's evaluation based on certain assessment parameters. The questionnaires and the assessment parameters were recommended by the Nominating Committee and approved by the Board. The completed questionnaires are then reviewed by the Nominating Committee before the Nominating Committee completes its evaluation of the individual Directors. When deliberating on the performance of a particular Director who is also a member of the Nominating Committee, that member abstains from the discussions in order to avoid any conflict of interests.

The Nominating Committee has assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole was satisfactory. Although some of the Board members have multiple board representations, the Nominating Committee is satisfied that sufficient time and attention has been given by the Directors to the Group.

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Each member of the Board has complete access to such information regarding the Group as may be required for the discharge of his duties and responsibilities. Prior to each Board meeting, the members of the Board are each provided with the relevant documents and information necessary, including background and explanatory statements, financial statements, budgets, forecasts and progress reports of the Group's business operations, for them to comprehensively understand the issues to be deliberated upon and make informed decisions thereon.

As a general rule, notices are sent to the Directors one (1) week in advance of Board meetings, followed by the Board papers in order for the Directors to be adequately prepared for the meetings. Senior management personnel if required, will attend Board meetings to address queries from the Directors. The Directors also have unrestricted access to the Company's senior management. Requests for the Company's information by the Board are dealt with promptly.

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The Directors have separate and independent access to the Company Secretary. The Company Secretary or his/her colleague attends all Board meetings and ensures that Board procedures and the provisions of applicable laws, the Companies Act, the Articles and the Listing Manual of the SGX-ST (the "**Listing Manual**") are observed. The Company Secretary also assists with the circulation of Board papers and updates the Directors on changes in laws and regulations relevant to the Group. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

The Board (whether as individual members or as a group) has direct access to independent professional advisers, where so requested by them, at the expense of the Company.

REMUNERATION MATTERS

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The members of the Company's Remuneration Committee are Dr Ong Seh Hong, Mr Koh Lian Huat, Ms Xu Ruyu and Mr Andrew Lim Kok-Kin. The Chairman of the Remuneration Committee is Dr Ong Seh Hong, an Independent Director.

Our Remuneration Committee will review and recommend to our Board a framework of remuneration for our Directors and key management personnel and determine specific remuneration packages for each Director as well as for the key management personnel. The recommendations of our Remuneration Committee should be submitted for endorsement by the Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives, awards and benefits-in-kind shall be covered by our Remuneration Committee. In addition, our Remuneration Committee will perform an annual review of the remuneration of employees related to our Directors and Substantial Shareholders to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scope and level of responsibilities. They will also review and approve any bonuses, pay increases and/or promotion for these employees. Each member of the Remuneration Committee shall abstain from voting on any resolution in respect of his remuneration package. Our Remuneration Committee shall also review the Company's obligations arising in the event of termination of the employment of Directors and key management personnel.

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

In setting remuneration packages, the Remuneration Committee will ensure that the Directors are adequately but not excessively remunerated as compared to the industry and comparable companies.

The remuneration packages for Executive Directors and key management personnel take into account the performance of the Group and the individual. The Director's fees for Non-executive Directors are based on the effort, time spent and responsibilities of the Non-executive Directors, and are subject to approval at AGMs. The Company has entered into service agreements with Mr Lee Swee Keng (the Executive Chairman), Mr Chen Kaitong (the Chief Executive Officer and Executive Director), Mr Su Jianli (the Deputy Chief Executive Officer and Executive Director) commencing from the date of admission of our Company to Catalist Board, and with Mr Low Chui Heng (the Executive Director) commencing 1 January 2012. They are valid for an initial period of three (3) years (the "**Initial Term**") each and upon the expiry of the initial period of three (3) years, the employment of the respective appointee shall be automatically renewed on a year-to-year basis on such terms and conditions as the parties may agree. The service agreements may be terminated by either the Company or the respective Directors giving to the other party six (6) calendar months' notice in writing or payment of six (6) months' basic salary in lieu of notice. Revisions to the terms of the service agreements will be reviewed by the Remuneration Committee, which, upon taking into consideration the employment conditions within the retail industry and comparable companies, will recommend the same to the Board where such revisions are in order.

The remuneration packages for the Executive Directors and key management personnel includes a fixed salary and a variable performance related bonus which is designed to align their interests with those of the shareholders.

The Company does not have in place any share based compensation schemes or any long-term scheme involving the offer of shares.

All revisions to the remuneration packages for the Directors and key management personnel are subject to the review by and approval of the Board. Directors' fees are further subject to the approval of shareholders at the AGM. Each member of the Remuneration Committee will abstain from reviewing and approving his or her own remuneration and the remuneration packages of persons related to him/her.

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management, and performance.

The Remuneration Committee recommends to the Board a framework of remuneration for the Board and key management personnel to ensure that the structure is competitive and sufficient to attract, retain and motivate key management personnel to run the Company successfully in order to maximize shareholders' value. The recommendations of the Remuneration Committee on the remuneration of Directors and key management will be submitted for endorsement by the Board. The members of the Remuneration Committee do not participate in any decisions concerning their own remuneration.

The breakdown showing the level and mix of each individual Director's remuneration in the financial period under review by percentage (%) is as follows:

Remuneration Band and Name of Director	Base / Fixed salary	Directors fees	Variable or performance benefits related income /Bonus	Other Benefits
Above $250,000 and below $500,000				
Mr Lee Swee Keng	72%	–	24%	4%
Below $250,000				
Mr Chen Kaitong	80%	–	20%	–
Mr Su Jianli	92%	–	5%	2%
Mr Su Caiye	–	100%	–	–
Mr Low Chui Heng	79%	–	13%	8%
Mr Koh Lian Huat	–	100%	–	–
Mr Dr Ong Seh Hong	–	100%	–	–
Ms Xu Ruyu	–	100%	–	–
Mr Andrew Lim Kok-Kin	–	100%	–	–

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There are only four (4) management personnel whom the Company considered to be key management personnel (who were not Directors). Accordingly, these four key management personnel of the Group during the financial year under review fell within the remuneration band of belows $250,000:

Mr Jeffrey Kan Kai Hi	80%	–	13%	7%
Ms Wang Liyu	88%	–	9%	2%
Ms Huang Pingping	87%	–	8%	5%
Ms Jian Aihong	86%	–	8%	6%

The Company has not disclosed exact details of the remuneration of each individual Director as it is not in the best interests of the Company and employees to disclose such details due to the sensitive nature of such information.

In considering the disclosure of remuneration of these four (4) key management personnel of the Company, the Company considered the overall quantum received by each individual executive as well as the confidential nature of the key management personnel's remuneration and believes that a full disclosure as recommended by the Code would be prejudicial to the Company's interest. The annual aggregate remuneration paid to these four key management personnel of the Company (who are not Directors or the Chief Executive Officer) for FY2014 is approximately S$377,419.

No employee who was an immediate family member of a Director was paid more than S$50,000 during FY2014. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister, and parent of such person.

ACCOUNTABILITY AND AUDIT

Principle 10: The board should present a balanced and understandable assessment of the company's performance, position and prospects.

In line with the continuing disclosure obligations of the Company under the Listing Manual, the Board's policy is that shareholders shall be informed of all major developments of the Company. Information is presented to shareholders on a timely basis through SGXNet and/or the press. In presenting the annual financial statements and quarterly and full-year result announcements to its shareholders, it is the objective of the Board to provide its shareholders with a reasonable understanding of the Group's financial position, performance and prospects.

The Management currently provides the Board with management accounts of the Group's performance, position and prospects on a monthly basis.

Principle 11: The board is responsible for the governance of risk. The board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the board is willing to take in achieving its strategic objectives.

The Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information and to safeguard and maintain accountability of its assets.

The Group has established a formal Enterprise Risk Management Framework to facilitate the governance of risks and monitoring the effectiveness of internal controls.

Accordingly, to facilitate the compliance of Rule 1207(10) of the Listing Manual, the Board has engaged an external consultant to review the adequacy and effectiveness of the Company's internal control system in FY 2014 to assist the Board and the Audit Committee in their review of the Group's risk management and internal control systems focusing on financial, operational and compliance controls.

The Chief Executive Officer and the Chief Financial Officer have provided assurance that as at the end of FY2014 (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) the Company's risk management and internal control systems are effective.

With the concurrence of the Audit Committee, the Board is of the opinion that the Company has in place a robust and effective system of internal controls addressing financial, operational and compliance risks to safeguard shareholders' interests and the Group's assets. In the absence of any evidence to the contrary, the Board is further of the view that the system of internal controls maintained by the Management provides reasonable assurances against material financial misstatements or losses, safeguarding of assets, maintenance of proper accounting records, reliability of financial information, compliance with legislation regulations and best practices and the identification and management of business risks. The Board recognises that no cost effective internal control system will preclude all errors and irregularities, as such a system is designed to manage (rather than eliminate the risk of failure) and achieve its business objectives. Such a system can only provide reasonable and not absolute assurance against material misstatement or loss.

Principle 12: The board should establish an audit committee with written terms of reference which clearly set out its authority and duties.

The members of the Company's Audit Committee for the financial period under review are Mr Koh Lian Huat, Dr Ong Seh Hong, Ms Xu Ruyu and Mr Andrew Lim Kok-Kin. The Chairman of the Audit Committee is Mr Koh Lian Huat, an Independent Director.

The principal role and functions of the Audit Committee are as follows:

- review the audit plans of the external auditors and our internal auditors, including the results of our external and internal auditors' review and evaluation of our system of internal controls;
- review the annual consolidated financial statements and the external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with international financial reporting standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of management, where necessary, before submission to our Board for approval;
- review the periodic consolidated financial statements comprising the profit and loss statements and the balance sheets and such other information required by the Listing Manual, before submission to our Board for approval;
- review and discuss with external and internal auditors (if any), any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position and our management's response;
- review the co-operation given by our management to our external auditors;
- review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financing, operational, compliance and information technology controls;
- consider the appointment and re-appointment of the external auditors and matters relating to resignation or dismissal thereof;
- review and ratify any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;

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– review the guidelines and review procedures set out in the "Interested Person Transactions and Potential Conflicts of Interests" section of the Company's Offer Document and future interested person transactions, if any;

– monitor the undertaking described in the "Interested Person Transactions and Potential Conflicts of Interests – Potential Conflicts of Interest" section of the Company's Offer Document;

– review any potential conflicts of interest;

– review the adequacy and supervision of the finance and accounting team on a regular basis;

– review the procedures by which employees of our Group may, in confidence, report to the Chairman of the Audit Committee, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions in relation thereto;

– undertake such other reviews and projects as may be requested by our Board, and will report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee; and

– undertake generally such other functions and duties as may be required by law or the Listing Manual, and by such amendments made thereto from time to time.

Apart from the duties listed above, the Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our Group's operating results and/or financial position. Each member of the Audit Committee shall abstain from voting on any resolutions in respect of matters in which he is interested.

The Audit Committee has adopted written terms of reference defining its membership, administration and duties.

The Audit Committee has explicit authority to investigate any matter within its terms of reference and is authorised to obtain independent professional advice. It has full access to and co-operation of the management and reasonable resources to enable it to discharge its duties properly. It also has full discretion to invite any director or executive officer or any other person to attend its meetings.

The members of the Audit Committee have sufficient financial and/or management expertise, as assessed by the Board in its business judgment, to discharge the Audit Committee's functions.

The Audit Committee met four times during the year under review. Details of members' attendance at the meetings are set out on page one. The Chief Financial Officer, Company Secretary, internal auditors and external auditors are invited to these meetings. Other members of the senior management are also invited to attend as appropriate to present reports.

The Audit Committee will meet with the external auditors and internal auditors in the absence of the Management at least once in every financial year.

The Audit Committee met on a quarterly basis and reviewed the quarterly and full-year announcements, material announcements and all related disclosures to the shareholders before submission to the Board for approval. In the process, the Audit Committee reviewed the audit plan and audit committee report presented by the external auditors. The external auditors provide regular updates and briefing to the Audit Committee on changes or amendments to accounting standards to enable the members of the Audit Committee to keep abreast of such changes and its corresponding impact on the financial statements, if any.

The Audit Committee also reviewed the annual financial statements and discussed with the management, the Chief Financial Officer and the external auditors the significant accounting policies, judgment and estimate applied by the management in preparing the annual financial statements. Following the review and discussions, the Audit Committee then recommended to the Board for approval of the audited annual financial statements.

The Company has put in place a whistle-blowing policy, which provides for the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, with the objective of ensuring that arrangements are in place for the independent investigation of such matters for appropriate follow-up action. The Audit Committee exercises the overseeing function over the administration of the whistle-blowing policy. Details of the whistle-blowing policies and arrangements have been made available to all employees of the Company.

The external auditors provided regular updates and periodic briefings to the Audit Committee on changes or amendments to accounting standards to enable the members of the Audit Committee to keep abreast of such changes and its corresponding impact on the financial statements, if any.

Principle 13: The company should establish an effective internal audit function that is independently resourced and independent of the activities it audits.

The Board recognises the importance of maintaining a system of internal controls to safeguard the shareholders' investments and the Company's assets.

The objective of the internal audit function is to provide an independent review of the effectiveness of the Group's internal controls and provide reasonable assurance to the Audit Committee and the management that the Group's risk management, controls and governance processes are adequate and effective.

In order to strengthen further the Group's internal audit function, the Audit Committee has recommended and the Board has approved the appointment of an external audit professional firm to undertake the internal audit function of the Group. These audit professionals report to the Audit Committee. The internal audit plan is submitted to the Audit Committee for approval prior to the commencement of the internal audit, and the Audit Committee oversees and monitors the implementation or improvements as required. The internal auditors have unrestricted direct access to all of the Company's documents, records, properties and personnel and a direct and primary reporting line to the Audit Committee.

The Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors are used as a reference and guide by the Company's internal auditors. The Audit Committee is satisfied that the internal auditors are staffed by qualified and experienced personnel.

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

All shareholders are treated fairly and equitably to facilitate their ownership rights. The Board recognises the importance of maintaining transparency and accountability to its shareholders. The Board's policy is that all shareholders should be informed in a comprehensive manner and on a timely basis of all material developments that impact the Group.

All shareholders are entitled to attend and vote at general meetings in person or by proxy. The rules including the voting procedures are set out in the notice of general meetings. The Articles allow all shareholders to appoint proxy/proxies to attend general meetings and vote on his/her/their behalf.

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The Board is mindful of its obligations to provide timely disclosure of material information to shareholders of the Group and does so through:

– annual reports issued to all shareholders. Non-shareholders may access the SGX-ST website for the Company's annual reports;

– quarterly and full-year announcements of its financial statements on the SGXNet;

– other announcements on the SGXNet; and

– press releases on major developments regarding the Company.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company is committed to regular and proactive communication with its shareholders in line with continuous disclosure obligations of the Company under the Listing Manual. Pertinent information will be disclosed to shareholders in a timely, fair and equitable manner. The Company does not practise selective disclosure. Price sensitive information is first publicly released before the Company meets with any group of investors or analysts.

Pertinent information is communicated to shareholders through:

(1) quarterly and full-year results announcements which are published on the SGXNet and in news releases;

(2) the Company's annual reports that are prepared and issued to all shareholders;

(3) notices of and explanatory memoranda, for AGMs and extraordinary general meetings; and

(4) press releases on major developments of the Group.

AGMs are the main forum for communication with shareholders. Annual reports and notices of the AGMs are sent to all shareholders. The members of the Audit Committee, Nominating Committee and Remuneration Committee will be present at AGMs to answer questions relating to the work of these committees. The external auditors will also be present to assist the Directors in addressing any relevant queries by shareholders. The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis.

Shareholders are given the opportunity to vote at general meetings. However, as the authentication of shareholder identity information and other related integrity issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail or electronic means.

Resolutions are as far as possible, structured separately and may be voted upon independently. Resolutions are passed at general meetings by hand and by poll, if required.

While acknowledging that voting by poll is integral in the enhancement of corporate governance, the Company is concerned over the cost effectiveness and efficiency of the polling procedures which may be logistically and administratively burdensome. Electronic polling may be efficient in terms of speed but may not be cost effective. The Board will adhere to the requirements of the Listing Manual where all resolutions are to be voted by poll for general meetings held on and after 1 August 2015.

The Group has specifically entrusted an investor relations team comprising the Executive Chairman, the Chief Executive Officer, the Chief Financial Officer and an external investor relation firm with the responsibility of facilitating communications with shareholders and analysts and attending to their queries or concerns.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Notwithstanding the above, any declaration of dividends is clearly communicated to the shareholders via SGXNet.

DEALINGS IN SECURITIES

The Company has adopted the best practices on dealings in securities set out in Rule 1207(19) of the Listing Manual and made known the best practices to Directors and officers. In line with the best practices, Directors and officers are not allowed to deal in the Company's shares during the two weeks before the announcement of the Company's results for each of the first three quarters of its financial year and the one month before the announcement of the Company's full year results, or when they are in possession of unpublished price sensitive information on the Group.

The Group has reminded its Directors and officers that it is an offence under the Securities and Futures Act, Chapter 289, for a listed issuer or its key executives to deal in the listed issuer's securities as well as securities of other listed issuers when the officers are in possession of unpublished material price-sensitive information in relation to those securities. Directors and executives are expected and reminded to observe insider-trading laws at all times even when dealing in securities within permitted trading periods. The Group has further reminded its Directors and officers not to deal in the Company's securities on short-term considerations.

AUDITOR AND AUDIT FEES

The aggregate amount of fees paid to Ernst & Young LLP in FY2014 was S$290,700 of which audit fees amounted to approximately S$288,500. The Group confirms that it has complied with Rule 712 and Rule 715 of the Listing Manual in relation to its auditing firms.

NON-SPONSOR FEES

The Company was under the SGX-ST sponsor-supervised regime before its transfer from SGX-ST Catalist Board to Main Board with effect from 3 September 2013, after which, CIMB Bank Berhand Singapore Branch had ceased to act as the continuing sponsor of the Company (the "**Sponsor**"). No non-sponsor fees were paid to the Company's Sponsor, for FY2014.

NON-AUDIT FEES

Save for a fee of S$2,200 for tax-related services, no other non-audit fees were paid to the Group's Auditor, Ernst & Young LLP for FY2014. The Audit Committee, having reviewed such non-audit services, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

Corporate Governance Report
企业治理

MATERIAL CONTRACTS

Save for the following interested person transactions, there are no material contracts entered into by the Company and its subsidiaries during the FY2014 or still subsisting as at 31 December 2014 which involved the interests of the Chief Executive Officer, any of the Directors or controlling shareholders of the Company.

INTERESTED PERSON TRANSACTIONS

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Management fees charged to a related party: Quanzhou Zhongmin Baihui Shopping Co., Ltd.	RMB 6,528,000	–
Sales to a related party: Quanzhou Zhongmin Baihui Shopping Co., Ltd.	RMB 554,690	–
Interest from deferred payments in relation to the Transfer*: Quanzhou Zhongmin Baihui Shopping Co., Ltd.	RMB 517,000	–
Rental agreement entered into with a related party (lessee): Xiamen Tasteweller F&B Management Co., Ltd.	RMB 2,418,000	–
Commission from concessionaires sales charged to a related party: Fujian Hancai Garments Co., Ltd.	RMB 1,198,755	–

* *The Transfer refers to the transfer of business and undertakings in connection with the operation and maintenance of the Tumen Store and the Quanxiu Store announced on 12 March 2013 and disclosed in the shareholders' circular dated 3 April 2013.*

When a potential conflict of interest arises, the Director concerned does not participate in discussion and refrains from exercising any influence over other members of the Board.

The Company has established internal control polices to ensure that interested person transactions are properly reviewed and approved and are conducted at arm's length basis.

The Group has not obtained a general mandate from Shareholders for interested person transactions.

Directors' Report

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2014.

Directors

The Directors of the Company in office at the date of this report are:

Lee Swee Keng
Chen Kaitong
Su Jianli
Low Chui Heng
Su Caiye
Andrew Lim Kok Kin
Koh Lian Huat
Ong Seh Hong
Xu Ruyu

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interest in shares and debentures

The following Directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Companies Act, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest			Deemed interest		
Name of director	**At the beginning of financial year**	**At the end of financial year**	**As at 21 January 2015**	**At the beginning of financial year**	**At the end of financial year**	**As at 21 January 2015**
Ordinary shares of the Company						
Lee Swee Keng	39,791,000	44,241,000	44,241,000	–	–	–
Chen Kaitong	40,469,600	42,019,600	42,019,600	–	–	–
Su Caiye	26,776,800	26,776,800	26,776,800	–	–	–
Low Chui Heng	19,621,080	13,121,080	13,121,080	–	–	–
Su Jianli	5,629,932	5,629,932	5,629,932	–	–	–

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning or at the end of the financial year.

Directors' Report

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Share options

There is presently no option scheme on unissued shares of the Company.

Audit Committee

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Companies Act, including the following:-

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;

- Reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors;

- Reviewed effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;

- Met with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

- Reviewed the cost effectiveness and the independence and objectivity of the external auditors;

- Reviewed the nature and extent of non-audit services provided by the external auditors;

- Recommended to the board of directors the external auditors to be nominated, approved the compensation of the external auditors, and reviewed the scope and results of the audit;

- Reported actions and minutes of the Audit Committee to the board of directors with such recommendations as the Audit Committee considered appropriate; and

- Reviewed interested person transactions in accordance with the requirements of the SGX-ST Listing Manual.

Directors' Report

Audit Committee (cont'd)

The Audit Committee, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The Audit Committee has also conducted a review of interested person transactions.

The Audit Committee convened four meetings during the financial year with attendance as shown in the Corporate Governance Report. The Audit Committee has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the Audit Committee are disclosed in the Report on Corporate Governance in the Annual Report of the Company.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors,

Lee Swee Keng
Director

Chen Kaitong
Director

Singapore

30 March 2015

Statement by Directors

We, Lee Swee Keng and Chen Kaitong, being two of the directors of Zhongmin Baihui Retail Group Ltd., do hereby state that, in the opinion of the directors:-

(a) the accompanying balance sheets, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors,

Lee Swee Keng
Director

Chen Kaitong
Director

Singapore

30 March 2015

Independent Auditor's Report

for the financial year ended 31 December 2014
to the Members of Zhongmin Baihui Retail Group Ltd.

Report on the financial statements

We have audited the accompanying financial statements of Zhongmin Baihui Retail Group Ltd. (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 42 to 85, which comprise the balance sheets of the Group and the Company as at 31 December 2014, the statements of changes in equity of the Group and the Company, the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

30 March 2015

Consolidated Statement of Comprehensive Income

for the financial year ended 31 December 2014

	Note	Group 2014 RMB	Group 2013 RMB
Revenue	4	882,349,988	879,187,822
Cost of sales		(570,084,265)	(611,553,768)
Gross profit		312,265,723	267,634,054
Other income		70,219,254	50,301,914
Interest income		1,744,384	1,278,776
Selling and distribution expenses		(259,641,789)	(228,825,283)
Finance costs		(517,000)	(332,201)
Administrative expenses		(73,093,513)	(61,277,136)
Profit before taxation and share of results of associates		50,977,059	28,780,124
Share of results of associate		(501,158)	(502,651)
Profit before taxation	5	50,475,901	28,277,473
Taxation	6	(18,492,936)	(18,295,214)
Profit for the year		31,982,965	9,982,259
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation (loss)/gain		(179,493)	793,185
Other comprehensive income for the year, net of tax		(179,493)	793,185
Total comprehensive income for the year attributable to the owners of the Company		31,803,472	10,775,444
Earnings per share			
Basic and diluted **(in RMB)**	7	0.16	0.05

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

as at 31 December 2014

	Note	Group 2014 RMB	Group 2013 RMB Restated*	Company 2014 RMB	Company 2013 RMB
Non-current assets					
Property, plant and equipment	8	51,394,171	46,205,059	24,289	38,233
Intangible assets	9	7,795,553	8,768,553	–	–
Investment in subsidiaries	10	–	–	80,023,147	80,023,147
Investment in an associate	11	25,275,350	16,776,508	–	–
Deferred tax assets	12	22,594,161	14,599,107	–	–
Other non-current assets	20	2,999,317	1,753,586	–	–
		110,058,552	88,102,813	80,047,436	80,061,380
Current assets					
Inventories	13	116,314,095	136,689,753	–	–
Prepayments	14	22,112,157	17,281,535	88,505	45,173
Trade and other receivables	15	39,482,610	70,151,005	–	–
Amount due from a subsidiary	16	–	–	126,370	131,220
Amount due from related parties	17	3,715,234	421,893	–	–
Cash and cash equivalents	18	214,161,011	150,274,573	11,804,063	26,442,728
		395,785,107	374,818,759	12,018,938	26,619,121
Less: Current liabilities					
Trade and other payables	19	273,743,351	239,886,406	5,832	1,504
Other liabilities	20	32,952,605	31,737,442	1,472,231	1,586,484
Amount due to related parties	17	8,265,324	16,244,405	–	–
Income tax payable		7,684,310	7,728,329	–	–
		322,645,590	295,596,582	1,478,063	1,587,988
Net current assets		73,139,517	79,222,177	10,540,875	25,031,133
Non-current liabilities					
Other liabilities	20	78,719,332	55,186,839	–	–
Amount due to shareholders	21	–	18,011,466	–	18,011,466
Amount due to a related party	17	–	2,117,000	–	–
Deferred tax liabilities	12	2,463,669	2,550,091	956,603	973,204
Net assets		102,015,068	89,459,594	89,631,708	86,107,843
Equity attributable to the owners of the Company					
Share capital	22	67,147,926	67,147,926	67,147,926	67,147,926
Reserves		34,867,142	22,311,668	22,483,782	18,959,917
Total equity		102,015,068	89,459,594	89,631,708	86,107,843

* In accordance with FRS103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of business of Tumen and Quanxiu stores (Note 9).

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 December 2014

Group	Attributable to equity holders of the Company					
	Equity, total RMB	Share capital (Note 22) RMB	Reserves, total RMB	Revenue reserve RMB	Statutory reserve fund (Note 24) RMB	Currency translation reserve (Note 23) RMB
2014						
Opening balance at 1 January 2014	89,459,594	67,147,926	22,311,668	10,600,831	13,286,327	(1,575,490)
Profit for the year	31,982,965	–	31,982,965	31,982,965	–	–
Other comprehensive income						
Exchange differences arising from the transaction from functional currency to presentation currency representing other comprehensive income for the year	(179,493)	–	(179,493)	–	–	(179,493)
Transfer to statutory reserve	–	–	–	(7,229,034)	7,229,034	–
Other comprehensive income for the year	(179,493)	–	(179,493)	(7,229,034)	7,229,034	(179,493)
Total comprehensive income for the year	31,803,472	–	31,803,472	24,753,931	7,229,034	(179,493)
Dividends on ordinary shares (Note 30)	(19,247,998)	–	(19,247,998)	(19,247,998)	–	–
Closing balance at 31 December 2014	102,015,068	67,147,926	34,867,142	16,106,764	20,515,361	(1,754,983)
2013						
Opening balance at 1 January 2013	78,684,150	67,147,926	11,536,224	7,158,498	6,746,401	(2,368,675)
Profit for the year	9,982,259	–	9,982,259	9,982,259	–	–
Other comprehensive income						
Exchange differences arising from the transaction from functional currency to presentation currency representing other comprehensive income for the year	793,185	–	793,185	–	–	793,185
Transfer to statutory reserve	–	–	–	(6,539,926)	6,539,926	–
Other comprehensive income for the year	793,185	–	793,185	(6,539,926)	6,539,926	793,185
Total comprehensive income for the year	10,775,444	–	10,775,444	3,442,333	6,539,926	793,185
Closing balance at 31 December 2013	89,459,594	67,147,926	22,311,668	10,600,831	13,286,327	(1,575,490)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 December 2014

Company	Equity, Total RMB	Share capital (Note 22) RMB	Reserves, total RMB	Revenue Reserve RMB	Currency translation (Note 23) RMB
2014					
Opening balance at 1 January 2014	86,107,843	67,147,926	18,959,917	20,539,302	(1,579,385)
Profit for the year	22,955,189	–	22,955,189	22,955,189	–
Other comprehensive income					
Exchange differences arising from the transaction from functional currency to presentation currency representing other comprehensive income for the year	(183,326)	–	(183,326)	–	(183,326)
Other comprehensive loss for the year	(183,326)	–	(183,326)	–	(183,326)
Total comprehensive income for the year	22,771,863	–	22,771,863	22,955,189	(183,326)
Contributions by and distribution to owners					
Dividends on ordinary shares (Note 30)	(19,247,998)	–	(19,247,998)	(19,247,998)	–
Total contributions by and distributions to owners	(19,247,998)	–	(19,247,998)	(19,247,998)	–
Closing balance at 31 December 2014	89,631,708	67,147,926	22,483,782	24,246,493	(1,762,711)
2013					
Opening balance at 1 January 2013	50,968,868	67,147,926	(16,179,058)	(13,810,944)	(2,368,114)
Profit for the year	34,350,246	–	34,350,246	34,350,246	–
Other comprehensive income					
Exchange differences arising from the transaction from functional currency to presentation currency representing other comprehensive income for the year	788,729	–	788,729	–	788,729
Other comprehensive income for the year	788,729	–	788,729	–	788,729
Total comprehensive income for the year	35,138,975	–	35,138,975	34,350,246	788,729
Closing balance at 31 December 2013	86,107,843	67,147,926	18,959,917	20,539,302	(1,579,385)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

for the financial year ended 31 December 2014

	2014 RMB	2013 RMB
Cash flows from operating activities		
Profit before taxation	50,475,901	28,277,473
Adjustments for :		
Depreciation of property, plant and equipment	7,362,603	5,595,289
Amortisation of intangible assets	973,000	477,000
Impairment loss on property, plant and equipment	3,687,985	–
Net gain on disposal of property, plant and equipment*	(60,835)	–
Rent-free incentives and step rental provision	23,532,493	23,691,005
Amortisation of step rental income	(1,245,730)	(1,753,586)
Inventories written down	1,045,279	1,652,026
Interest income	(1,744,384)	(1,278,776)
Finance costs	517,000	332,201
Share of results of associate	501,158	502,651
Unrealised exchange difference	844	(1,238,000)
Operating cash flows before changes in working capital	85,045,314	56,257,283
Decrease/(increase) in inventories	19,330,379	(89,998,284)
(Increase)/decrease in prepayments	(4,830,622)	6,437,256
Decrease/(increase) in trade and other receivables	27,375,054	(42,980,451)
Increase in trade and other payables	22,621,818	168,439,877
Cash flows generated from operation	149,541,943	98,155,681
Interest received	1,744,384	1,278,776
Interest paid	–	(332,201)
Tax paid	(26,618,432)	(21,790,653)
Net cash flows generated from operating activities	124,667,895	77,311,603
Cash flows from financing activities		
Dividends paid	(19,247,998)	–
Decrease in amount due to shareholders	(18,011,466)	–
Proceeds from loans and borrowings	–	7,005,031
Repayment of loans and borrowings	–	(18,190,983)
Net cash flows used in financing activities	(37,259,464)	(11,185,952)
Cash flows from investing activities		
Acquisition of business (Note 9)	–	(1,180,000)
Purchase of property, plant and equipment	(15,152,500)	(16,802,784)
Investment in an associate	(9,000,000)	(9,469,200)
Proceeds from disposal of property, plant and equipment	810,000	–
Net cash flows used in investing activities	(23,342,500)	(27,451,984)
Net increase in cash and cash equivalents	64,065,931	38,673,667
Effect of exchange rate changes on cash and cash equivalents	(179,493)	793,185
Cash and cash equivalents at beginning of financial year	150,274,573	110,807,721
Cash and cash equivalents at end of financial year (Note 18)	214,161,011	150,274,573

* The gain on disposal of property, plant and equipment was computed net of the taxes paid to the China authorities.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

for the financial year ended 31 December 2014

1. Corporate information

Zhongmin Baihui Retail Group Ltd. (the "Company") is incorporated and domiciled in Singapore and is listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), on 20 January 2011. The listing of the Company has transferred to the Mainboard of SGX-ST on 3 September 2013. The registered office is at 143 Cecil Street, Level 10 GB Building, Singapore 069542.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Chinese Renminbi (RMB).

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2014. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 19 Defined Benefits Plans: Employee Contributions	1 July 2014
Improvements to FRSs issued in 2014	
– Amendments to FRS 102 *Share-based Payment*	1 July 2014
– Amendments to FRS 103 *Business Combinations*	1 July 2014
– Amendments to FRS 108 *Operating Segments*	1 July 2014
– Amendments to FRS 16 *Property, Plant and Equipment*	1 July 2014
– Amendments to FRS 24 *Related Party Disclosures*	1 July 2014
– Amendments to FRS 38 *Intangible Assets*	1 July 2014
– Amendments to FRS 113 *Fair Value Measurement*	1 July 2014

Notes to the Financial Statements

for the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.3 ***Standards issued but not yet effective (cont'd)***

With the exception of FRS 115, the directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

2.4 ***Basis of consolidation and business combinations***

(a) ***Basis of consolidation***

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;

– De-recognises the carrying amount of any non-controlling interest;

– De-recognises the cumulative translation differences recorded in equity;

– Recognises the fair value of the consideration received;

– Recognises the fair value of any investment retained;

– Recognises any surplus or deficit in profit or loss;

– Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. Summary of significant accounting policies (cont'd)

2.4 ***Basis of consolidation and business combinations (cont'd)***

(b) ***Business combinations and goodwill***

Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

Notes to the Financial Statements

for the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.5 *Functional and foreign currencies*

(a) ***Functional currency***

The management has determined the currency of the primary economic environment in which the Company operates ie. functional currency, to be Singapore dollars (SGD). Cost of investment in subsidiary, loans and borrowings and major operating expenses are primarily influenced by fluctuation in SGD.

(b) ***Presentation currency***

The financial statements have been presented in Renminbi (RMB) as it is the currency that the Directors of the Group use when controlling and monitoring the performance and financial position of the Group. The Group's main operational subsidiary's sales, purchases, receipts, payments are traded primarily in RMB, the Directors are of the opinion that choosing RMB as the presentation currency best reflects the primary economic environment in which the Group operates.

(c) ***Consolidated financial statements***

For consolidation purposes, the assets and liabilities of the Company's operations are translated into RMB at the rate of exchange ruling at the end of the reporting period and its profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income.

(d) ***Foreign currency transactions***

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2.6 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, all items of plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.16. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

2. Summary of significant accounting policies (cont'd)

2.6 *Property, plant and equipment (cont'd)*

Depreciation is computed on a straight line basis over the estimated useful lives of the assets as follows:

Electronics	–	3-5 years
Furniture and Fittings	–	3-10 years
Computer software	–	3-10 years
Motor vehicles	–	4 years
Leasehold improvements	–	8-20 years (i.e. lease period)

Fully depreciated assets still in use are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets is included in profit or loss in the year the asset is derecognised.

2.7 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. When the carrying amount of an asset on cash-generating units exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

Notes to the Financial Statements

for the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.8 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.9 *Associates*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies

The Group account for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associates

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Notes to the Financial Statements

for the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.10 Financial instruments

(a) ***Financial assets***

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

(b) ***Financial liabilities***

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Notes to the Financial Statements

for the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.10 Financial instruments (cont'd)

(b) ***Financial liabilities (cont'd)***

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.11 *Impairment of financial assets*

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

(a) ***Financial assets carried at amortised cost***

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Notes to the Financial Statements

for the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.12 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and on hand, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Cash carried in the balance sheet are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.10(a).

2.13 ***Inventories***

Inventories are stated at the lower of cost and net realisable value.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.14 ***Intangible assets***

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Notes to the Financial Statements

for the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.14 ***Intangible assets (cont'd)***

(a) ***Favourable tenancy agreement***

Following initial recognition of the favourable tenancy agreement as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when the asset is available for use. The intangible assets arising from the favourable tenancy agreement have a finite useful life and are amortised over the lease period (3/ 8 years) on a straight line basis

2.15 ***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 ***Borrowing costs***

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.17 ***Trade and other payables***

Liabilities for trade and other amounts payable, which are normally settled on 30-90 days' terms, and payables to related parties are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

2. Summary of significant accounting policies (cont'd)

2.18 *Employee benefits*

(a) *Defined contribution plans*

Singapore

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

China

The Group participates in the national pension schemes as defined by the laws of the PRC. The Group pays fixed contributions into the retirement insurance and medical insurance schemes organised by the social security bureau and have no further payment obligations once the contributions have been paid. The contributions are recognised as employee compensation expense when they are due.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.19 *Leases*

(a) *As lessee*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Notes to the Financial Statements

for the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.19 *Leases (cont'd)*

(b) ***As lessor***

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.20(d). Contingent rents are recognised as revenue in the period in which they are earned.

2.20 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payments and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) ***Direct sales***

Revenue from direct sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) ***Managed rental***

Revenue from managed rental is recognised on a fixed sum on a straight-line basis over the concessionary period.

(c) ***Concessionaire sales***

Revenue from concessionaire sales is recognised on a net basis based on either a fixed sum or a commission amounting to a certain agreed percentage of tenants' revenue from the sale of their products. Concessionaire sales inclusive of maintenance fees charges to tenants.

(d) ***Rental income***

Rental income from operating leases (net of any incentives given to the lessee) from the letting of premises is recognised on a straight-line basis over the lease terms. Rental income also received from temporary and seasonal leases of spaces in the department store where suppliers who lease them for conducting promotional activities. Rental income inclusive of maintenance fees charges to lessees.

2. Summary of significant accounting policies (cont'd)

2.20 *Revenue (cont'd)*

(e) *Revenue from customer loyalty award*

The Group operates customer loyalty programme which allows customers to accumulate points when they purchase products in the Group's stores. The points can be redeemed for free gifts from the Group's stores, subject to a minimum number of points being obtained.

The Group allocates consideration received from the sale of goods to the goods sold and the points issued that are expected to be redeemed.

The consideration allocated to the points issued is measured at the fair value of the points. It is recognised as a liability (other accrued operating expenses) on the balance sheet and recognised as revenue when the points are redeemed, have expired or no longer expected to be redeemed. The amount of revenue recognised in based on the number of points that have been redeemed, relative to the total number expected to be redeemed.

(f) *Dividend income*

Dividend income is recognised when the Group's right to receive payment is established.

2.21 *Taxes*

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Notes to the Financial Statements

for the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.21 *Taxes (cont'd)*

(b) ***Deferred tax (cont'd)***

Deferred tax liabilities are recognised for all temporary differences, except:

– Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. Summary of significant accounting policies (cont'd)

2.23 *Segment reporting*

A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

The Group is substantially in one business segment, namely ownership, operation and management of a chain of department stores in China, accordingly, no segment reporting is presented.

2.24 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.25 *Related parties*

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

Notes to the Financial Statements

for the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.25 *Related parties (cont'd)*

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) ***Useful lives of leasehold improvements***

The cost of leasehold improvements is depreciated on a straight-line basis over their respective useful lives. Management estimates the useful lives of these leasehold improvements to be over the lease terms (8-20 years). These are common life expectancies applied in the industry. The carrying amount of the Group's leasehold improvements as at 31 December 2014 was RMB 35,289,060 (2013: RMB 33,478,257). Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

3. Significant accounting estimates and judgements (cont'd)

3.1 *Key sources of estimation uncertainty (cont'd)*

(b) ***Deferred tax assets***

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits together with future tax planning strategies. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the probability of expected future cash inflows based on expected revenues from existing orders and contracts for the next 10 years.

Where taxable profits are expected in the foreseeable future, deferred tax assets are recognised on the unused tax losses. The carrying value of the unrecognised tax losses at 31 December 2014 was approximately RMB 35,913,000 (2013: RMB 27,292,000). If the Group was able to recognise all unrecognised deferred tax assets, profit would increase approximately by RMB 8,978,000 (2013: RMB 6,823,000).

4. Revenue

	Group	
	2014	**2013**
	RMB	RMB
Direct sales	645,466,942	671,153,361
Commission from concessionaire sales	133,937,409	105,130,674
Rental income	60,495,324	59,042,668
Managed rental	42,450,313	43,861,119
	882,349,988	879,187,822

For illustration purpose, gross sales proceeds are arrived as follows:

	Group	
	2014	**2013**
	RMB	RMB
Direct sales	645,466,942	671,153,361
Gross proceeds from concessionaire sales	618,502,923	495,651,391
Rental income	60,495,324	59,042,668
Managed rental	42,450,313	43,861,119
Gross sales proceeds*	1,366,915,502	1,269,708,539

* Gross sales proceeds represent the aggregate sum of revenue received and receivable for goods sold by direct sales, gross proceeds from concessionaire sales, rental income and income from managed rental.

Notes to the Financial Statements

for the financial year ended 31 December 2014

5. Profit before taxation

Profit before taxation is stated after (charging)/crediting:

	Group	
	2014	**2013**
	RMB	RMB
Inventories written down	(1,045,279)	(1,652,026)
Other income:		
Advertisement and promotional income	56,440,236	35,144,791
Exchange (loss)/gain	(1,057,903)	666,136
Leisure facilities fees	1,019,204	1,025,234
Management fees (Note 26(a))	6,528,000	7,892,000
Selling and distribution expenses:		
Employee benefit expense		
- Defined contribution plans	(14,436,953)	(14,612,405)
- Salaries, wages, bonuses and other costs	(64,769,776)	(64,805,813)
Rental expenses*	(117,464,877)	(86,411,239)
Utilities	(29,050,726)	(23,083,042)
Amortisation of intangible assets	(973,000)	(477,000)
Advertisement and promotion fees	(4,921,018)	(5,210,404)
Administrative expenses:		
Employee benefit expenses		
- Defined contribution plans	(4,942,247)	(4,024,841)
- Salaries, wages, bonuses and other costs	(42,929,339)	(37,734,319)
Bank charges	(3,365,303)	(3,863,724)
Director fees	(872,694)	(564,129)
Depreciation of property, plant and equipment	(7,362,603)	(5,595,289)
Impairment loss on property, plant and equipment	(3,687,985)	–
Office supplies	(1,007,782)	(885,056)
Audit fees:		
- Auditors of the Company	(1,636,921)	(1,526,386)
Non-audit fees:		
- Auditors of the Company	(10,889)	(11,114)

* Inclusive of rental payments of RMB 93,932,384 (2013: RMB 62,720,234) and a straight-line recognition of the lease expenses over the lease term, aggregate of rent-free incentives and step rental provision of RMB 23,532,493 (2013: RMB 23,691,005) respectively.

6. Taxation

(a) *Major components of taxation*

The major components of taxation for the years ended 31 December 2014 and 31 December 2013 are:

	Group 2014 RMB	Group 2013 RMB
Consolidated income statement:		
Current income tax		
- Current income taxation	26,411,380	23,138,650
- (Over)/under provision in respect of previous years	(853,568)	89,170
Deferred tax credit (Note 12)		
- Origination and reversal of temporary differences	(7,064,876)	(4,932,606)
Tax expenses recognised in profit or loss	18,492,936	18,295,214

(b) *Relationship between taxation and accounting profit*

The reconciliation between taxation and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2014 and 2013 are as follows:

	2014	2013
Profit before taxation	50,475,901	28,277,473
Tax at the domestic rates applicable to profits in the countries where the Group operates	13,322,778	7,667,221
Adjustments:		
Non-deductible expenses	4,629,671	5,202,272
Deferred tax assets not unrecognised	2,155,244	5,357,641
Benefits from previously unrecognised tax losses	(926,472)	–
(Over)/under provision in prior years	(853,568)	89,170
Share of associate loss	125,290	125,663
Others	39,993	(146,753)
Tax expenses recognised in profit or loss	18,492,936	18,295,214

The corporate income tax rate applicable to Singapore companies of the Group is 17%. The Corporate income tax rate applicable to China companies of the Group is 25%.

7. Earnings per share

Basic earnings per share is calculated by dividing the net earnings attributable to shareholders for the year by the weighted average number of shares outstanding of 196,320,000 (2013: 196,320,000) which has been adjusted for the effects of the sub-division of shares in December 2010.

Notes to the Financial Statements

for the financial year ended 31 December 2014

8. Property, plant and equipment

Group	Electronics	Furniture and fittings	Computer software	Motor vehicles	Leasehold improvements	Total
	RMB	RMB	RMB	RMB	RMB	RMB
Cost :						
At 1 January 2013	2,236,597	6,478,325	538,739	3,618,243	26,971,009	39,842,913
Additions	730,320	3,715,307	39,500	73,000	12,244,657	16,802,784
Acquisition of business	287,456	892,544	–	–	–	1,180,000
Currency translation	(1,699)	(2,548)	–	–	–	(4,247)
At 31 December 2013 and 1 January 2014	3,252,674	11,083,628	578,239	3,691,243	39,215,666	57,821,450
Additions*	1,178,093	6,838,599	178,940	–	8,676,385	16,872,017
Disposals	–	–	–	(1,356,841)	–	(1,356,841)
Currency translation	(1,038)	(1,367)	–	–	–	(2,405)
At 31 December 2014	4,429,729	17,920,860	757,179	2,334,402	47,892,051	73,334,221
Accumulated depreciation and impairment loss :						
At 1 January 2013	781,454	1,474,576	109,082	214,924	3,442,381	6,022,417
Depreciation charge for the year	672,012	1,670,691	87,745	869,813	2,295,028	5,595,289
Currency translation	(859)	(456)	–	–	–	(1,315)
At December 2013 and 1 January 2014	1,452,607	3,144,811	196,827	1,084,737	5,737,409	11,616,391
Depreciation charge for the year	938,847	2,220,273	122,670	875,591	3,205,222	7,362,603
Impairment loss	–	27,625	–	–	3,660,360	3,687,985
Disposals	–	–	–	(725,368)	–	(725,368)
Currency translation	(829)	(732)	–	–	–	(1,561)
At 31 December 2014	2,390,625	5,391,977	319,497	1,234,960	12,602,991	21,940,050
Net carrying amount :						
At 31 December 2013	1,800,067	7,938,817	381,412	2,606,506	33,478,257	46,205,059
At 31 December 2014	2,039,104	12,528,883	437,682	1,099,442	35,289,060	51,394,171

* During the financial year, the Group acquired plant and equipment with an aggregate cost of RMB 16,872,017 (2013: RMB 16,802,784). The cash outflow on acquisition of property, plant and equipment amounted to RMB 15,152,000 (2013: RMB 16,802,784).

Notes to the Financial Statements

for the financial year ended 31 December 2014

8. Property, plant and equipment (cont'd)

Company	Electronics RMB	Furniture and fittings RMB	Total RMB
Cost :			
At 1 January 2013	23,932	39,534	63,466
Additions	5,839	–	5,839
Currency translation	(1,699)	(2,548)	(4,247)
At 31 December 2013 and 1 January 2014	28,072	36,986	65,058
Additions	–	–	–
Currency translation	(1,038)	(1,367)	(2,405)
At 31 December 2014	27,034	35,619	62,653
Accumulated depreciation :			
At 1 January 2013	10,964	3,902	14,866
Depreciation charge for the year	5,672	7,601	13,273
Currency translation	(859)	(455)	(1,314)
At 31 December 2013 and 1 January 2014	15,777	11,048	26,825
Depreciation charge for the year	5,653	7,447	13,100
Currency translation	(829)	(732)	(1,561)
At 31 December 2014	20,601	17,763	38,364
Net carrying amount :			
At 31 December 2013	12,295	25,938	38,233
At 31 December 2014	6,433	17,856	24,289

Notes to the Financial Statements

for the financial year ended 31 December 2014

9. Intangible assets

Group	Favourable lease agreements RMB	Goodwill RMB	Total RMB
Cost :			
At 1 January 2013	–	–	–
Additions, as previously reported	3,995,000	4,890,554	8,885,554
Finalisation of valuation reviews #	1,441,000	(1,081,001)	359,999
Additions, as restated	5,436,000	3,809,553	9,245,553
At 31 December 2013, as restated, 1 January 2014 and 31 December 2014	5,436,000	3,809,553	9,245,553
Accumulated amortisation :			
At 1 January 2013	–	–	–
Amortisation during the year	477,000	–	477,000
At 31 December 2013 and 1 January 2014	477,000	–	477,000
Amortisation during the year	973,000	–	973,000
At 31 December 2014	1,450,000	–	1,450,000
Net carrying amount :			
At 31 December 2013	4,959,000	3,809,553	8,768,553
At 31 December 2014	3,986,000	3,809,553	7,795,553

In accordance with FRS 103, the management has assessed the fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. The purchase price allocation was completed during the financial year ended 2014. Accordingly, provisional goodwill recognised in the prior year has now been adjusted retrospectively to reflect the finalised carrying fair value.

Notes to the Financial Statements

for the financial year ended 31 December 2014

9. Intangible assets (cont'd)

Acquisition of business of Tumen and Quanxiu Stores:

On 1 May 2013 (the "acquisition date"), the Group acquired two stores from a related party.

The fair value of the identifiable assets and liabilities of the two stores as at the acquisition date were:

	Fair value recognised on acquisition RMB
Favourable lease agreement	5,436,000
Plant and equipment	1,180,000
Deferred tax liability	(1,359,000)
Total identifiable net assets at fair value	5,257,000
Goodwill arising from acquisition	3,809,553
	9,066,553
Fair value of the consideration for the acquisition of the two stores	9,066,553
Effect of the acquisition of the two stores on cash flow	
Total fair value of the consideration for the acquisition	9,066,553
Contingent consideration payable (recognised as at acquisition date)*	
- in 2014	5,769,553
- in 2015	2,117,000
	7,886,553
Net cash outflow	1,180,000

* Contingent Consideration Arrangement

Pursuant to the sales and purchase agreement, the terms of payment for the acquisition of the business shall be based on the net profit after tax of the two stores for the 24-month financial period following the completion of the acquisition, subject to a cap of RMB 5million (Tumen Store: RMB 3million; Quanxiu Store: RMB 2mil) for each of the 12-month financial period.

Notes to the Financial Statements

for the financial year ended 31 December 2014

9. Intangible assets (cont'd)

Finalisation of purchase price allocation

The Group had engaged an independent valuer to perform the Purchase Price Allocation ("PPA") exercise identify and determine the fair value of the intangible asset which were finalised during the financial year. Favourable lease agreements have been identified as an intangible asset from this acquisition. The Group finalized the purchase price allocation for the acquisition of business of Tumen and Quanxiu stores during the year. The retrospective adjustments to the provisional purchase price allocation were as follows:.

	Group		
	Previously reported	**Restated**	**Adjustments**
	RMB	RMB	RMB
Intangible assets	8,408,554	8,768,553	359,999
Deferred tax liabilities	2,190,092	2,550,091	359,999

Goodwill arising from the acquisition

The goodwill of RMB 3,809,553 relates to the acquisition of the two stores located within the long established vicinity of Tumen and Quanxiu. None of the goodwill recognised is expected to be deductible for income tax purposes.

Amortisation expense

The amortisation of favourable lease agreements is included in selling and distribution expenses line item in the consolidated income statement.

Impairment testing of goodwill

The recoverable amounts of the two stores have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering their lease period or a three-year period whichever is shorter. The pre-tax discount rate applied to the cash flow projections is 13% and the forecasted growth rates used to extrapolate the cash flows projections beyond the three-year period is 5% till the end of their lease periods.

Management determined budgeted gross margin based on past performance and its expectations of the market development. The discount rate reflects specific risks relating to the relevant retail industry and derived from its weighted average cost of capital (WACC). The forecasted growth rates are based on published industry research and do not exceed the long term average growth rates for the relevant retail industry.

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for the financial year ended 31 December 2014

10. Investment in subsidiaries

	Company 2014 RMB	Company 2013 RMB
Shares, at cost	80,023,147	80,023,147

Name (Country of incorporation and place of business)	Principal activities	Proportion (%) of ownership interest 2014	Proportion (%) of ownership interest 2013
Xiamen Shi Zhongmin Baihui Commercial Co., Ltd. [1] (People's Republic of China (PRC))	Ownership, operation and management of a chain of department stores	100	100
Zhongmin Baihui Development Pte. Ltd. [2] (Singapore)	Dormant	100	100
Zhongmin Baihui (Nanjing) Commercial Co., Ltd. [1] (People's Republic of China (PRC))	Ownership and operation of department stores	100	100
Zhongmin Baihui (Quanzhou) Commercial Management Co., Ltd. [1] (People's Republic of China (PRC))	Ownership, operation and management of a chain of department stores	100	100

(1) A member firm of EY Global had performed the audit for the subsidiary's financial statement for the financial year ended 31 December 2014 and 2013 for Group reporting purposes.

(2) Audited by Ernst & Young LLP, Singapore.

Notes to the Financial Statements

for the financial year ended 31 December 2014

11. Investment in an associate

	Group 2014 RMB	Group 2013 RMB
Shares, at cost	27,000,000	18,000,000
Share of results of associate	(1,724,650)	(1,223,492)
At end of year	25,275,350	16,776,508

Name (Country of incorporation)	Principal activities	Proportion (%) of ownership interest 2014	2013
Citi-Base Commerce Logistics (Xiamen) Co., Ltd. (1) (People's Republic of China (PRC))	Operation of logistics centre	30	30

(1) Unaudited financial statements have been used for the preparation of the consolidated financial statements of the Group.

Citi-Base Commerce Logistics (Xiamen) Co., Ltd., 30% owned by a Group's wholly-owned subsidiary, Xiamen Shi Zhongmin Baihui Commercial Co., Ltd, was incorporated in January 2011. As at date of the report, it has not commenced operation.

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group 2014 RMB	Group 2013 RMB
Non-current assets	70,769,591	456,151
Current assets	11,770,388	55,474,290
Total assets	82,539,978	55,940,441
Current liabilities	(6,845)	(16,780)
Total liabilities	(6,845)	(16,780)
Net assets	82,533,133	55,923,611
Total comprehensive income for the year	(1,670,528)	(1,675,505)

Notes to the Financial Statements

for the financial year ended 31 December 2014

12. Deferred tax assets and liabilities

	Group				Company	
	Consolidated balance sheet		Consolidated income statement			
	2014	2013	2014	2013	2014	2013
	RMB	RMB	RMB	RMB	RMB	RMB
Deferred tax assets:						
Differences in rent-free incentives and step rental provision	19,679,833	13,280,718	6,399,115	5,922,751	–	–
Differences due to pre-opening expenses	824,068	957,357	(133,289)	(133,289)	–	–
Impairment loss	921,996	–	921,996	–	–	–
Others	1,168,264	361,032	807,232	361,032	–	–
	22,594,161	14,599,107	7,995,054	6,150,494	–	–
Deferred tax liabilities:						
Difference arising from the expected remittance of dividend from subsidiary	1,000,000	1,000,000	(1,000,000)	(1,000,000)	1,000,000	1,000,000
Differences in step rental income	510,566	337,138	(173,428)	(337,138)	–	–
Differences arising from the recognition favourable lease agreements	996,500	879,750	243,250	119,250		–
Adjustment (Note 9)	–	359,999	–	–	–	–
Currency translation	(43,397)	(26,796)	–	–	(43,397)	(26,796)
	2,463,669	2,550,091	(930,178)	(1,271,888)	956,603	973,204
Deferred income tax credit			7,064,876	4,932,606		

Deferred taxation

According to the Applicable EIT laws and regulations, income such as rental, royalty and profits from the PRC derived by a foreign enterprise which has no establishment in the PRC or has establishment but the income has no relationship with such establishment is subject to a 10% withholding tax, subject to reduction as provided by any applicable double taxation treaty, unless the relevant income is specifically exempted from tax under the Applicable EIT Laws and regulations.

Pursuant to a tax treaty between the PRC and the Republic of Singapore, which became effective on 1 January 2008, a company incorporated in Singapore will be subject to a withholding tax at the rate of 5% on dividends it receives from a company incorporated in the PRC if it holds 25% or more interests in the PRC company, or 10% if it holds less than 25% interests in the PRC company.

Notes to the Financial Statements

for the financial year ended 31 December 2014

12. Deferred tax assets and liabilities (cont'd)

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2013: Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to RMB 46,379,000 (2013: RMB 19,688,000). The deferred tax liability is estimated to be RMB 2,318,000 (2013: RMB 984,000).

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately RMB 35,913,000 (2013: RMB 27,292,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Tax consequences of proposed dividends

There are no income tax consequences (2013: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 30).

13. Inventories

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RMB	RMB	RMB	RMB
Balance sheet:				
Finished goods	116,314,095	136,689,753	–	–
Total inventories at lower of cost and net realizable value	116,314,095	136,689,753	–	–
Income statement:				
Inventories recognised as an expense in cost of sales	570,084,265	611,553,768	–	–
Inclusive of the following charge:				
Inventories written down	1,045,279	1,652,026	–	–

14. Prepayments

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RMB	RMB	RMB	RMB
Prepaid rent	14,357,168	6,666,688	–	–
Advance payments for property, plant and equipment	81,180	952,199	–	–
Advance payments to suppliers	6,041,862	6,633,316	–	–
Other prepayments	1,631,947	3,029,332	88,505	45,173
	22,112,157	17,281,535	88,505	45,173

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15. Trade and other receivables

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RMB	RMB	RMB	RMB
Trade receivables	12,443,134	35,986,660	–	–
Rental deposits *	23,765,754	25,577,954	–	–
Other deposits	95,000	110,000	–	–
Other receivables	1,035,789	2,982,704	–	–
Input VAT	2,142,933	5,493,687	–	–
	39,482,610	70,151,005	–	–
Add:				
Amount due from a subsidiary (Note 16)	–	–	126,370	131,220
Amount due from related parties (Note 17)	3,715,234	421,893	–	–
Cash and cash equivalents (Note 18)	214,161,011	150,274,573	11,804,063	26,442,728
Total loans and receivables	257,358,855	220,847,471	11,930,433	26,573,948

* The operating lease agreements for the department stores contain options for early termination by either party.

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

16. Amount due from a subsidiary

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RMB	RMB	RMB	RMB
Amount due from a subsidiary (non-trade)	–	–	126,370	131,220

Amount due from a subsidiary are unsecured, non-interest bearing and are repayable on demand.

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for the financial year ended 31 December 2014

17. Amount from/due to related parties

	Group		Company	
	2014	2013	2014	2013
	RMB	RMB	RMB	RMB
Amount due from a related party (trade) *	662,532	15,998	–	–
Amount due from a related party (non-trade) *	3,052,702	405,895	–	–
	3,715,234	421,893	–	–
Current:				
Amount due to related parties (trade) *	853,885	1,357,249	–	–
Amount due to related parties (non-trade) *	6,474,886	9,117,602	–	–
Amount due to related party for the acquisition of business (Note 9)	936,553	5,769,554	–	–
	8,265,324	16,244,405	–	–
Non- Current:				
Amount due to related party for the acquisition of business (Note 9)	–	2,117,000	–	–
	8,265,324	18,361,405	–	–

* Amount due from/to related parties are unsecured, non-interest bearing and are repayable on demand.

18. Cash and cash equivalents

	Group		Company	
	2014	2013	2014	2013
	RMB	RMB	RMB	RMB
Cash and bank balances	214,161,011	150,274,573	11,804,063	26,442,728

Bank balances earn interests at floating rates based on daily bank deposit rates.

Interest rates earned on bank balances (floating) per annum	0.35%	0.35%	–	–

Cash and cash equivalents are denominated in the foreign currencies:

United States Dollars	7,302	7,240	–	–

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19. Trade and other payables

	Group		Company	
	2014	2013	2014	2013
	RMB	RMB	RMB	RMB
Trade:				
External parties	190,351,176	184,641,903		–
Add: Other payables	83,392,175	55,244,503	5,832	1,504
	273,743,351	239,886,406	5,832	1,504
Add:				
Other accrued operating expenses (Note 20)	32,952,605	31,737,442	1,472,231	1,586,484
Amount due to related parties (Note 17)	8,265,324	18,361,405	–	–
Amount due to shareholders (Note 21)	–	18,011,466	–	18,011,466
Total financial liabilities carried at amortised cost	314,961,280	307,996,719	1,478,063	19,599,454

Trade and other payables are non-interest bearing and are generally on 30 to 60 days' terms.

20. Other assets/(liabilities)

	Group		Company	
	2014	2013	2014	2013
	RMB	RMB	RMB	RMB
Non-current:				
Rent-free incentives and step rental provision	2,999,317	1,753,586	–	–
Current:				
Other accrued operating expenses	(32,952,605)	(31,737,442)	(1,472,231)	(1,586,484)
Non-current:				
Rent-free incentives and step rental provision	(78,719,332)	(55,186,839)	–	–
	(111,671,937)	(86,924,281)	(1,472,231)	(1,586,484)

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21. Amount due to shareholders

	Group		Company	
	2014	2013	2014	2013
	RMB	RMB	RMB	RMB
Amount due to shareholders (non-trade)	–	18,011,466	–	18,011,466

Amount due to shareholders are unsecured, non-interest bearing and no fixed repayment terms and are denominated in Singapore dollars. The amount due to shareholders was fully settled during the financial year.

22. Share capital

	Group and Company			
	2014		2013	
	No. of shares	RMB	No. of Shares	RMB
Issued and fully paid:				
Balance at 1 January/ 31 December	196,320,000	67,147,926	196,320,000	67,147,926

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

23. Currency translation reserve

Currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements from functional currency (SGD) of the Company to presentation currency (RMB) as described in Note 2.5(b).

24. Statutory reserve fund

In accordance with the Foreign Enterprise Law applicable to subsidiaries in the People's Republic of China ("PRC"), the subsidiaries are required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiaries' registered capital. Subject to the approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders.

25. Operating lease commitments

As lessee

The Group leases certain properties from non-related parties under non-cancellable operating lease agreements which do not have any purchase options and expire at various dates till 20 August 2034 and contain provision for rental adjustments. There are no restrictions placed upon the lessee by entering into these leases. Operating lease expenses recognised in the Group's profit or loss during the year amount to RMB 117,464,877 (2013: RMB 86,411,239). The leases have varying terms, escalation clauses and renewal rights. Future minimum lease payments for all leases with initial or remaining terms of one year or more are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RMB	RMB	RMB	RMB
No later than one year	111,066,024	114,123,867	–	–
Later than one year but no later than five years	422,431,719	442,179,371	–	–
Later than five years	607,373,455	609,354,515	–	–
	1,140,871,198	1,165,657,753	–	–

26. Related party transactions

An entity or individual is considered a related party of the Group for the purposes of the financial statements if:

(i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or

(ii) it is subject to common control or common significant influence.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the year at terms agreed between the parties:

(a) ***Sale and purchase of goods and services and other fees***

	Group	
	2014	**2013**
	RMB	RMB
Rental income from a company in which Directors have an interest	1,426,110	2,135,145
Concessionaire income from a company in which Directors have an interest	2,124,154	1,762,650
Sale of goods to a company in which Directors have an interest	554,690	–
Advertisement fees received from companies in which Directors have an interest	480,000	480,000
Management fees received from a company in which Directors have an interest	6,528,000	7,892,000
	11,112,954	12,269,795

Notes to the Financial Statements

for the financial year ended 31 December 2014

26. Related party transactions (cont'd)

(b) *Compensation of key management personnel*

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RMB	RMB	RMB	RMB
Short-term employee benefits	5,550,744	5,296,219	3,354,054	4,127,049
Contributions to CPF	220,622	221,577	174,791	180,600
Total compensation paid to key management personnel	5,771,366	5,517,796	3,528,845	4,307,649
Comprise amounts paid to:				
Directors of the Company	3,941,527	3,889,206	2,513,281	3,073,434
Other key management personnel	1,829,839	1,628,590	1,015,564	1,234,215

27. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk and liquidity risk. The Group does not speculate in the currency markets or hold or issue derivatives financial instruments. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and deposits), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

<u>Exposure to credit risk</u>

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on the balance sheets.

27. Financial risk management objectives and policies (cont'd)

(a) ***Credit risk (cont'd)***

Credit risk concentration profile

The Group engages solely in the operation and management of department stores in the PRC.

At the end of the reporting period, approximately 78% (2013: 99%) of the Group's trade receivables was due from a major customer.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and deposits are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

(b) ***Liquidity risk***

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's cash and operating cash flows, availability of banking facilities and debt maturity profile are actively managed to ensure adequate working capital requirements and that repayment and funding needs are met.

The Group is currently dependent on its cash flow generated from operations and advances from its shareholder to support its working capital.

Notes to the Financial Statements

for the financial year ended 31 December 2014

27. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the date of statement of financial position based on contractual undiscounted repayment obligations.

Group	1 year or less	1 to 5 years	Total
	RMB	RMB	RMB
31 December 2014			
Financial assets:			
Trade and other receivables	15,621,856	–	15,621,856
Deposits	23,860,754	–	23,860,754
Amount due from related parties	3,715,234	–	3,715,234
Cash and cash equivalents	214,161,011	–	214,161,011
Total undiscounted financial assets	257,358,855	–	257,358,855
Financial liabilities:			
Trade and other payables	273,743,351	–	273,743,351
Other accrued operating expenses	32,952,605	–	32,952,605
Amount due to related parties	8,628,771	–	8,628,771
Total undiscounted financial liabilities	315,324,727	–	315,324,727
Total net undiscounted financial liabilities	(57,965,872)	–	(57,965,872)
31 December 2013			
Financial assets:			
Trade and other receivables	44,463,051	–	44,463,051
Deposits	25,687,954	–	25,687,954
Amount due from related parties	421,893	–	421,893
Cash and cash equivalents	150,274,573	–	150,274,573
Total undiscounted financial assets	220,847,471	–	220,847,471
Financial liabilities:			
Trade and other payables	239,886,406	–	239,886,406
Other accrued operating expenses	31,737,442	–	31,737,442
Loans and borrowings	–	–	–
Amount due to related parties	16,794,405	2,500,000	19,294,405
Amount due to shareholders	–	18,011,466	18,011,466
Total undiscounted financial liabilities	288,418,253	20,511,466	308,929,719
Total net undiscounted financial liabilities	(67,570,782)	(20,511,466)	(88,082,248)

Notes to the Financial Statements
for the financial year ended 31 December 2014

27. Financial risk management objectives and policies (cont'd)

(a) *Liquidity risk (cont'd)*

Analysis of financial instruments by remaining contractual maturities (cont'd)

Company	1 year or less RMB	1 to 5 years RMB	Total RMB
31 December 2014			
Financial assets:			
Amount due from subsidiary	126,370	–	126,370
Cash and cash equivalents	11,804,063	–	11,804,063
Total undiscounted financial assets	11,930,433	–	11,930,433
Financial liabilities:			
Trade and other payables	5,832	–	5,832
Other accrued operating expenses	1,472,231	–	1,472,231
Amount due to shareholders	–	–	–
Total undiscounted financial liabilities	1,478,063	–	1,478,063
Total net undiscounted financial assets/(liabilities)	10,452,370	–	10,452,370
31 December 2013			
Financial assets:			
Amount due from subsidiary	131,220	–	131,220
Cash and cash equivalents	26,442,728	–	26,442,728
Total undiscounted financial assets	26,573,948	–	26,573,948
Financial liabilities:			
Trade and other payables	1,504	–	1,504
Other accrued operating expenses	1,586,484	–	1,586,484
Amount due to shareholders	–	18,011,466	18,011,466
Total undiscounted financial liabilities	1,587,988	18,011,466	19,599,454
Total net undiscounted financial assets/(liabilities)	24,985,960	(18,011,466)	6,974,494

Notes to the Financial Statements

for the financial year ended 31 December 2014

28. Fair values of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amounts approximate fair values

Management has determined that the carrying amounts of cash and cash equivalents, trade and other receivables, amount due from related party (trade), trade and other payables, other accrued operating expenses, amount due to related parties (trade and non-trade), amount due from a subsidiary, based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or are repriced frequently.

There were no significant differences between the fair values and the carrying amounts of the borrowings of the Group as at 31 December 2014 and 31 December 2013.

Amount due to shareholders (Note 21)

The fair value of amount due to shareholders is not determinable as the timing of the future cash flows arising from the amount cannot be estimated reliably.

Amount due to related parties (non-current) (Note 17)

The carrying amount of this financial liability is reasonable approximation of fair values estimated by discounting expected future cash flows at market incremental lending rate at the statement of financial position date.

There is no significant difference between the fair value and the carrying amount of the amount due to related parties (non- current) of the Group as at 31 December 2013 (31 December 2014: Nil).

29. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2014 and 2013.

As disclosed in Note 24, subsidiaries in PRC are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilization is subject to approval by relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary for the financial years ended 31 December 2014 and 2013.

The Group is not subjected to any external imposed capital requirements.

30. Dividends

	Group and Company	
	2014	**2013**
	RMB	RMB
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2013: SGD 1 cent per share*	9,679,950	–
- Interim exempt (one-tier) dividend for 2014: SGD 1 cent (2013: Nil) per share	9,568,048	–
Total	19,247,998	–
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2014: SGD 1.5 cent (2013: SGD 1 cent) per share	13,658,000	9,455,000

* The difference between the dividend declared at the end of the financial year 2013 and the actual dividend paid in the financial year 2014 was due to translation differences.

31. Authorisation of financial statements

The audited financial statements for financial year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 30 March 2015.

Statistics of Shareholdings

as at 10 March 2015

Issued and fully paid-up capital	:	SGD 13,620,000
Number of shares	:	196,320,000
Class of shares	:	Ordinary shares of
Voting rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
100 - 1,000	28	10.14	27,100	0.01
1,001 - 10,000	90	32.61	516,000	0.26
10,001 - 100,000	100	36.23	4,589,300	2.34
100,001 - 1,000,000	42	15.22	13,890,300	7.08
1,000,001 and above	16	5.80	177,297,300	90.31
Total	**276**	**100.00**	**196,320,000**	**100.00**

THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Chen Kaitong	42,019,600	21.40
2	Lee Swee Keng	41,241,000	21.01
3	Su Caiye	26,776,800	13.64
4	Raffles Nominees (Pte) Limited	16,645,000	8.48
5	Lim Kok Tong	9,894,088	5.04
6	CIMB Securities (Singapore) Pte. Ltd.	8,758,800	4.46
7	Maybank Nominees (Singapore) Private Limited	8,179,000	4.17
8	Hong Leong Finance Nominees Pte Ltd	6,672,000	3.40
9	Su Jianli	5,629,932	2.87
10	DBS Nominees (Private) Limited	2,280,000	1.16
11	Low Chui Heng	2,121,080	1.08
12	Wee Choo Chuan	2,000,000	1.02
13	Lingco Holdings Pte Ltd	1,500,000	0.76
14	Lingco Marine Pte Ltd	1,500,000	0.76
15	Sia Ling Sing	1,070,000	0.55
16	Bank of Singapore Nominees Pte. Ltd.	1,010,000	0.51
17	Cai Yuedong	1,000,000	0.51
18	Lim Soo Seng	1,000,000	0.51
19	Wong Kao Lek	970,200	0.49
20	OCBC Securities Private Limited	729,000	0.37
21	Seah Chong Pok	700,000	0.36
22	Peggy Foo	627,000	0.32
23	Poh Heng	620,000	0.32
24	Neo Aik Cheng	549,000	0.28
25	Teoh Chin Hong (Zhao Jinfeng)	508,000	0.26
26	Chow Shook Lin	500,000	0.25
27	Seah Boon Hwa	400,000	0.20
28	Shi Jianghe	322,000	0.16
29	Maybank Kim Eng Securities Pte. Ltd.	315,000	0.16
30	Lau Eng Tiong	300,000	0.15
	TOTAL	**185,837,500**	**94.65**

Statistics of Shareholdings

as at 10 March 2015

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 10 March 2015)

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Lee Swee Keng	44,241,000	22.54	–	–
Chen Kaitong	42,019,600	21.40	–	–
Su Caiye	26,776,800	13.64	–	–
Low Chui Heng	13,121,080	6.68	–	–
Lim Kok Tong	21,588,588	11.00	–	–

FREE FLOAT

Based on the information provided to the Company as at 10 March 2015, approximately 21.66% of the issued ordinary shares of the Company was held by the public. Accordingly, Rule 723 of the Rules of Mainboard has been complied with.

Notice of Annual General Meeting
年度股东大会通告

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Zhongmin Baihui Retail Group Ltd. (the "**Company**") will be held at Peach Garden, 65 Chulia Street, #33-01 OCBC Centre, Singapore 049513 on Friday 24 April 2015 at 10:00 a.m., for the purpose of transacting the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the audited accounts for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors and Statement of Directors thereon. **(Resolution 1)**

2. To declare a final one-tier tax exempt dividend of S$0.015 per ordinary share for the financial year ended 31 December 2014. **(Resolution 2)**

3. To approve the payment of $147,000 as Directors' fees for the financial year ended 31 December 2014. **(Resolution 3)**

4. To re-elect the following Directors retiring pursuant to Article 104 of the Company's Articles of Association:

   (a) Su Jianli (Article 104) **(Resolution 4)**
   (b) Su Caiye (Article 104) **(Resolution 5)**
   (c) Lee Swee Keng (Article 104) **(Resolution 6)**

5. To re-appoint Mr Koh Lian Huat, who retires under Section 153(6) of the Companies Act, Cap 50, to hold office as a Director from the date of this Annual General Meeting until the next Annual General Meeting. **[See Explanatory Note 1]** **(Resolution 7)**

6. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. General authority to issue and allot shares

   "That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, and subject to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:-

   (A) (i) issue and allot shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(B) (notwithstanding that this authority may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this authority was in force,

provided that:-

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed twenty per cent (20%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares) at the time this authority is given, after adjusting for:-

(i) new Shares arising from the conversion or exercise of convertible securities;

(ii) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of passing of the Resolution approving the mandate, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(iii) any subsequent bonus issue, consolidation or sub-division of Shares;

(3) in exercising the authority conferred by this Resolution, the Directors shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) this authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note 2] **(Resolution 9)**

By Order of the Board

Chia Foon Yeow
Company Secretary

9 April 2015

Notice of Annual General Meeting
年度股东大会通告

Explanatory Notes :

1. Mr Lee Swee Keng will, upon re-election as a Director, remain as the Executive Chairman of the Company. Mr Su Jianli will, upon re-election as a Director, remain as the Executive Director. Mr Su Caiye will, upon re-election as a Director, remain as a non-executive non-independent Director of the Company.

   Mr Koh Lian Huat will, upon re-election as Director of the Company, remain as the Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees. The Board considers Mr Koh Lian Huat to be independent for the purpose of Rule 704(8) of the Listing Manual.

2. Under the Listing Manual of the SGX-ST, a share issue mandate approved by shareholders as a ordinary resolution will enable directors of an issuer to issue an aggregate number of new shares and convertible securities of the issuer of up to fifty per cent (50%) of the issued share capital of the issuer (excluding treasury shares) as at the time of passing of the resolution approving the share issue mandate, of which the aggregate number of new shares and convertibles securities issued other than on a pro-rata basis to existing shareholders must be not more than twenty per cent (20%) of the issued share capital of the issuer (excluding treasury shares).

   The Directors are of the opinion that the proposed share issue mandate will enable the Company to respond faster to business opportunities and to have greater flexibility and scope in negotiating with third parties in potential fund raising exercises or other arrangements or transactions involving the capital of the Company.

   Ordinary Resolution 8, if passed, will empower the Directors from the date of the above Annual General Meeting until the date of the next annual general meeting, to issue and allot Shares and/or Instruments. The aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted) which the Directors may issue and allot under this Resolution, shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares). For issues of Shares and convertible securities other than on a pro-rata basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed twenty per cent (20%) of the total number of issued Shares (excluding treasury shares). This authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue Shares pursuant to any convertible securities issued under this authority.

Notes :

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote instead of him/her.

2. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a Member of the Company.

3. If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

4. The instrument appointing a proxy must be deposited the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ZHONGMIN BAIHUI RETAIL GROUP LTD.
(Incorporated in the Republic of Singapore)
(Registration No: 200411929C)

IMPORTANT:
1. For investors who have used their CPF monies to buy the Shares, this report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2 This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM
ANNUAL GENERAL MEETING

I/We, ______________________ (Name) ______________________ (NRIC/Passport No.)

of ____ (Address)

being a member/members of ZHONGMIN BAIHUI RETAIL GROUP LTD. (the "Company") hereby appoint the Chairman of the Meeting or:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting ("AGM") of the Company, to be held at Peach Garden, 65 Chulia Street, #33-01 OCBC Centre, Singapore 049513, on Friday, 24 April 2015 at 10:00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM.

No.	Resolutions relating to:	For*	Against*
1.	Adoption of Directors' Report and Audited Accounts		
2.	To declare a final one-tier tax exempt dividend of S$0.015 per ordinary share for the financial year ended 31 December 2014		
3.	Approval of proposed Directors' Fees of S$147,000 for the financial year ended 31 December 2014		
4.	Re-election of Mr Su Jianli as a Director		
5.	Re-election of Mr Su Caiye as a Director		
6.	Re-election of Mr Lee Swee Keng as a Director		
7.	Re-election of Mr Koh Lian Huat as a Director		
8.	Re-appointment of Messrs Ernst & Young LLP as Auditors		
9.	Authority to issue and allot shares pursuant to Section 161 of the Companies Act, Cap. 50		

* Please indicate your vote "For" or "Against" with a tick (✓) within the box provided.

Dated this day of , 2015.

TOTAL NUMBER OF SHARES IN :	
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Shareholder(s) or
Common Seal of Corporate Shareholder

(Please see notes overleaf before completing this form)

Notes

1. A member entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his stead.

2. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.

3. A proxy need not be a member of the Company.

4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by you.

5. This proxy form must be deposited at the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time set for the Meeting.

6. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.

8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of the Company and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

Corporate Information
企业资料

Board of Directors
Lee Swee Keng
Executive Chairman

Chen Kaitong
Chief Executive Officer

Su Jianli
Deputy CEO

Low Chui Heng
Executive Director

Su Caiye
Non-Executive Director

Andrew Lim Kok-Kin
Non-Executive Director

Dr Ong Seh Hong
Independent Director

Koh Lian Huat
Independent Director

Xu Ruyu
Independent Director

Company Secretary
Chia Foon Yeow

Registered Office
143 Cecil Street
Level 10 GB Building
Singapore 069542
Tel: (65) 6862 0187
Fax: (65) 6862 4859

Share Registrar
Boardroom Corporate &
Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Auditors
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner In-change:
Phua Chun Yen
(Appointed since financial year ended
31 December 2010)

Bankers
DBS Bank Ltd.
Overseas-Chinese Banking Corporation
Limited
Bank of China
China Construction Bank Corporation
Industrial Bank Co., Ltd.
Industrial and Commercial Bank of China
Agricultural Bank of China
China Citic bank
Ping An Bank
Xiamen Bank
China Minsheng Bank

中闽百汇

ZHONGMIN BAIHUI RETAIL GROUP LTD.

(Co. Registration No.: 200411929C)
19 Gul Crescent, Singapore 629528